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IoD INSTITUTE OF DIRECTORS ZIMBABWE

ZIMDIRECTOR

From Compliance to Conformance:
ESG Crossroads & Boardroom Dynamics

Harnessing Trends in AI-driven
Corporate Sustainability Programming

Having A Vision is
Key to Sustainable Growth

‘AS THE WORLD SHIFTS, so should leaders’

Having a vision is key to sustainable growth

Why boards of Directors, CEOs need ESG training

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CONTENTS

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Editor's Note

Nurturing Sustainable Leadership

Welcome to this special issue of the Zimdirector Magazine, where we delve into the heart of sustainable leadership.

As we navigate an ever-changing world, the need for leaders who balance growth with responsibility has never been more critical.

Sustainable leadership transcends mere profit margins and short-term gains. It's about fostering a legacy that extends beyond quarterly reports—a legacy that embraces environmental stewardship, social equity, and ethical decision-making.

In these pages, you'll find stories of leaders who champion sustainability in their organisations, communities, and beyond. From innovative eco-conscious startups to seasoned executives redefining corporate purpose, their journeys inspire us all.

As you read, consider how your leadership can contribute to a healthier planet, empowered communities, and a brighter future. Together, let's cultivate a new era of leadership—one that leaves a positive footprint for generations to come.

Thank you for joining us on this transformative journey.

Warm regards,

Catherine Nyachionjeka
Chief Executive Officer-IODZ

Sustainable leadership transcends mere profit margins and short-term gains

From Compliance to Conformance: ESG Crossroads and Boardroom Dynamics

The winds of change have been blowing for a while now. Sitting in our company's boardroom, I reflected on the origins of ESG and the challenge this presents in today's dynamic world, but most especially to the Boardroom elite.

It was in 2004 when the term "ESG" was thrust into the corporate lexicon through the seminal report, "Who Cares Wins." This ground-breaking document laid out the framework for integrating Environmental, Social, and Governance factors into business operations, crystallizing ESG into a strategic imperative rather than a mere regulatory requirement. ESG considerations have evolved from mere buzzwords to critical components of corporate strategy worldwide.

In Zimbabwe, this shift has been gradual but significant. Companies listed on the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX) are now mandated to adopt and report on sustainability issues as part of their financial disclosures as of January 2024 according to Practice Note 16 that was issued on the 13th of November 2023 by the Zimbabwe Stock Exchange Limited, under section 3 (1) (h) of Statutory Instrument 134 of 2019 ("the ZSE Listing Rules"). The disclosures have been categorized under Economic, Environmental, Social and Governance.

At this point, we bring in the critical question: To conform or to comply? If it was a debate which side, would you take and why? Which of the 2 C's do you consider critical?

For many, the drive towards ESG is still mostly about compliance with local and international regulations, meeting the bare minimum to avoid penalties, and maintaining operating licences. It is important to note that failing to embrace ESG principles fully exposes companies to significant risks. These include reputational damage from environmental disasters or social controversies, potential loss of access to capital from ethical investors, and even regulatory sanctions for falling short of evolving ESG standards.

Compliance: The Necessary Foundation

Compliance forms the bedrock of corporate governance. It means adhering to established laws, regulations, and standards. This involves aligning with environmental regulations, labour laws, and governance codes. Compliance ensures businesses operate within a legal framework, mitigating risks and fostering stability. However, while compliance is crucial, it often represents the minimum standard. Companies that focus solely on compliance may find themselves stuck in a box-ticking mindset. They meet requirements but miss broader opportunities for integrating ESG principles more deeply into their business strategies.

Conformance: The Aspirational Leap

Conformance, on the other hand, is about

embracing the full spirit of ESG values. It goes beyond mere compliance to embed these principles into the core strategy and culture of a company. Conformance is proactive, innovative, and forward-thinking. It involves setting higher standards, anticipating future trends, and leading by example. Conformance is transformative. Take a local agribusiness that not only meets environmental standards but also pioneers sustainable farming practices, engages deeply with local communities and upholds rigorous governance standards. Such a company enhances its reputation, builds resilience, and attracts sustainable investment.

The Dynamics of the Boardroom

Shifting from compliance to conformance requires a fundamental change in boardroom dynamics. Directors and corporate leaders must champion ESG integration, fostering a culture that values long-term sustainability over short-term gains. This involves several key steps:

1. **Visionary Leadership:** Board members must have a clear vision of how ESG principles can drive value creation. Understanding that prioritizing ESG is not just a moral imperative but a strategic one is crucial. Companies that lead in ESG are better positioned to navigate risks, seize opportunities, and achieve sustainable growth.
2. **Holistic Engagement:** Engaging with a broad range of stakeholders i.e. employees, customers, investors, and local communities is essential. Transparent and meaningful engagement ensures that ESG initiatives are relevant and impactful. It builds trust and aligns the company's objectives with societal expectations.
3. **Innovative Practices:** Investing in sustainable technologies and practices can drive efficiency and cost savings. For example, renewable energy projects, advanced waste management systems, and sustainable supply chains not only enhance environmental performance but also provide competitive advantages.
4. **Robust Governance and Accountability:** Strong governance structures are crucial for overseeing ESG initiatives. This includes clear policies, rigorous oversight mechanisms, and a culture of accountability. Ethical leadership and integrity must underpin the company's operations.
5. **Sustainability Reporting:** Transparent sustainability reporting is essential for demonstrating commitment to ESG principles. Regular, comprehensive reports on ESG performance help build trust with stakeholders, attract ethical investors, and enhance corporate reputation. Reporting frameworks such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) provide guidelines for consistent and credible disclosures.

Conclusion

Zimbabwe is open for business. The journey from compliance to conformance is more than a shift in operational strategy; it is a transformation in corporate philosophy. For Zimbabwean companies, embracing this evolution is essential in a world where ESG considerations are central to business success. Rooted in compliance and reaching for conformance, Zimbabwean companies can unlock sustainable growth and contribute to a better future.

Reflecting on "Who Cares Wins," its true meaning becomes clear. This is not just a catchy phrase. Those who genuinely care about ESG issues, who embed these principles into their business strategies, and who lead with integrity and vision, will emerge as winners. In the dynamic landscape of corporate governance, the choice is evident: while compliance keeps your feet on the ground, conformance allows you to aim for the stars. The time for leadership on ESG is now. Let us seize this opportunity and ensure Zimbabwean businesses are not just compliant, but truly transformative.

PLEDGE<18
SAYING NO TO UNDERAGE DRINKING

NO TO UNDERAGE DRINKING

FBC Building Society Promotes Homeownership in Zimbabwe

FBC Building Society has stepped up efforts to reduce Zimbabwe's national housing backlog through developing modern housing properties and offering flexible mortgage facilities for individuals requiring a starter home or additional investment. The building society is now a formidable force to be reckoned with in the property development sector, having constructed low, medium and high-density properties in the country's capital as well as major towns/cities.

Commenting on the entity's impact on Zimbabwe's national housing developments, Roy Nyakunuwa (Head of FBC Group Marketing) said, "Over the years, FBC Building Society delivered more than two thousand (2,000) housing units, as we endevour to play a pivotal role in reducing the country's housing backlog. On average, one housing unit accommodates four (4) family members. Therefore, we are proud of developing housing solutions for over eight thousand (8,000) people".

"Home ownership is a fundamental human need which contributes to the achievement of Sustainable Development Goal Number 11 (Making cities and human settlements, inclusive, safe, resilient and sustainable). FBC Holdings is deeply involved in climate-related initiatives through engaging in Climate Change adaptation and mitigation initiatives that build environmental resilience. In this regard, solar geysers have been fitted on FBC Building society housing projects. In the same vein, trees were planted on the units, taking into consideration environmental friendly global trends in housing development," he added.

FBC Building Society Housing Projects in Pictures


Greendale Rossal


Glenlorne


Belgravia


Newlands


Greendale, Rossal


Mt Pleasant St Kilda


Greendale, Kennedy


Avondale West Project

Nationwide, FBC Building Society has constructed houses in many towns including, Bulawayo, Kadoma, Kwekwe, Zvishavane, Hwange, Marondera, Nyanga, Rusape, Chipinge and Gweru. In Harare, the entity developed properties in at least ten (10) suburbs including Avondale, Borrowdale, Belgravia, Newlands, Greendale, Waterfalls, Glaudina, Glen Lorne, Kuwadzana, Mount Pleasant and Philadelphia. The signature housing developments comprise stand-alone units, cluster homes, simplex garden flats, duplex garden flats, apartments and residential stands.

FBC Building Society's housing developments are equipped with state-of-the-art facilities, reflecting the latest global trends. Each home is designed to provide a comfortable and modern living environment for families. Key features of the housing project are outlined below:

- Surfaced roads
- Electrical reticulation
- Wifi Ready
- Water and sewer reticulation
- Compact modern designs
- Fitted kitchens and modern BICs
- Fully tiled and painted
- 5,000 litre water tank and a booster pump

FBC Building Society was established in 1992 as the Zimbabwe Building Society and holds the mantle as being the first locally—owned building society in the country. The building society has become a reliable "one-stop— shop" for an array of financial services encompassing mortgage, financing, property development, retail banking and treasury services. The entity is going green and embracing sustainability in line with the FBC Group's endeavour to promote Environmental Protection and Climate Resilience.

A place to call Home!

Eastlea Project

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- Low Density
- Gated community
- Sectional Title
- 3 Bedrooms

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US$75,000

Marondera Project

Features:
- 2 and 3 bedroom flats
- Sectional Title

Price (Incl. VAT)
•3 bed flat US$75,000
•2 Bed flat US$55,000

Glen Lorne

Features:
- Gated community
- Individual Title
- 4 Bedrooms
- 2,000 sqm stand sizes

Price: (Incl. VAT)
US$375,000

Churchill

Features:
- Garden flats
- Gated community
- Sectional Title
- 3 Bedrooms

Price: (Incl. VAT)
US$170,000

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COLUMN

Harnessing Trends in AI-driven Corporate Sustainability Programming

In the fourth industrial revolution at the cusp of the fifth, the corporate sustainability programming landscape has significantly shifted due to artificial intelligence (AI) technology. WRITES Assistant Professor Dr. Diliah A. Mutambara (PhD)

AI is defined by vast scholars and scientists as technology that enables computers and machines to simulate human intelligence and problem-solving capabilities (International Business Machines Corporation, 2024).

On its own or combined with other technologies such as geolocation, robotics, and sensors to mention a few, AI can perform tasks that would otherwise require human intelligence or intervention.

In today's world of sustainability programming, some AI integration encompasses digital assistants, GPS guidance, and generative AI tools among others.

The most interesting question currently is, *"To what extent is the corporate sustainability programming landscape incorporating AI trends with a continued mindset of deploying data-driven good practice initiatives"?*.

Several studies were recently conducted which showcased that the application of AI within the corporate sustainability programming landscape has a positive impact on ESG and Sustainable Development performance.

Additionally, it has been discovered that machine learning algorithms analyze vast datasets, and identify trends, risks, and opportunities that may have gone unnoticed in some cases, especially during this era of experiencing sustainability wicked problems.

This data-driven approach thereby enhances evidence-informed strategic formulation as well as risk mitigation to enhance business productivity.

The capability of AI in data analytics and making smart decisions is a well-known trending phenomenon which is key to continuous leverage on as it can play a vital role in enriching the sustainability of corporations wearing the business lens.

The United Nations has defined a set of 17 Global goals with 169 targets, called the Sustainable Development Goals (SDGs).

The SDGs were adopted by all UN member states in 2015 as a part of the 2030 agenda for sustainable development and succeeded the millennium development goals.

From the Global point of view, some corporations are recognizing the SDGs, and have realized that sustainable practices extend beyond profit margins, influencing stakeholder trust, long-term success as well as reputation.

With this in mind, Sustainability and its holistic themes beyond ESG compliance reflect a commitment to responsible business conduct, aligning companies with global goals for environmental preservation, social equity, and transparent governance.

In addition, Hilb, 2020 posited some key fundamental examples which can continuously improve sustainability programming showcasing that AI has the following benefits:

- Analyze environmental data from sensors and satellites as a monitoring mechanism and identification of cases such as deforestation, pollution, and other environmental changes, supporting corporations to make informed decisions from the company operations' impact.
- Analyze and demonstrate the return on investment of sustainability initiatives to stakeholders and investors.
- Automate the collection, analysis, and reporting of Sustainability data, making it easier for corporations to meet sustainability reporting requirements and communicate efforts in a more transparent and accountable manner. Thereby, the process could improve reporting, accuracy and efficiency.
- Support initiatives focused on product reuse, recycling, and remanufacturing, thereby immensely contributing to the development of a circular economy.
- Forecast energy demand and optimize the integration of renewable energy sources into the corporate energy mix, thereby reducing reliance on fossil fuels as well as minimizing carbon footprints.
- Monitor changing environmental regulations and assess the potential regulatory risks and liabilities associated with non-compliance.
- Support to measure and improve employee engagement in sustainability initiatives, fostering a corporate culture that values sustainability. In this case, Sustainable practices can positively impact a company's financial performance as well as increase employee morale.

AI Integration Challenges and Ethical Considerations

AI has been discussed above demonstrating broadly its benefits to the sustainability landscape and its positive impact to the business, its employees, and the surrounding business footprint and community members.

To a lesser extent, despite its benefits, the integration of AI into sustainability programming and reporting has its challenges.

Issues to do with data privacy, security concerns, and the ethical implications of AI decisions pose significant risks.

Corporations must swiftly address these challenges, ensuring that AI systems are transparent, auditable, and aligned with ethical standards.

Additionally, integrating AI into existing corporate frameworks requires thoughtful strategy formulation and execution as well as adaptation to avoid disruptions.

In conclusion, the collective will as corporations to harness trends in AI-driven Corporate Sustainability Programming is for the greater good. A transformative lens approach to sustainability programming poses a fundamental question is "Are we ready to implement or to continuously improve this transformative chapter together in a systemic way to solve emerging sustainability problems?".

About The Author:

Dr. Diliah Abigail Mutambara, (PhD), Assistant Professor is an Academician in South Africa and beyond, Strategic Agile Consultancy Managing Director, a Scholar Consulting in the African Corporate Sustainability, Social Responsibility, Directorial Development & Evaluation. She has Presented Academic Papers at Global Conferences in Europe, USA, Mexico and Canada. Additionally, she is a Global Abstract Reviewer and a Professional Certified Member in diverse Global Professional Associations and their Thematic Interest Groups. For More Information her Reviewed Academic Journals, Articles and Book are referenced at:

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Dr. Diliah Abigail Mutambara - Google Scholar

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Q&A

Having a vision

is key to sustainable growth

Despite prevailing challenges in the country, Dairibord reported a significant increase in milk purchases from farmers, acquiring 19.2 million litres in the first half of the year.

This represents a 51 percent increase compared to the same period last year, reflecting improved output from dairy farmers and Dairibord's commitment to supporting the local dairy industry. Zimdirector's Beaven Dhliwayo sat down with the CEO of Dairibord Mercy Ndoro to get more insights about her journey and the company's prospects. Below are the excerpts from the interview.

Briefly give us your background. Who is Ms Mercy Rufaro Ndoro? Any early struggles? How did these experiences shape you into the leader you are today?

I was born second in a family of nine. My father was a headmaster, while my mother dedicated her time to looking after the family. I started my primary education at a local rural school in the Mutasa District of Manicaland before moving to Chitungwiza where I completed my primary education. Thereafter, I attended Saint David's Bonda for the six years of my secondary education. I acquired a Bachelor of Accounting Degree from the University of Zimbabwe, and an MBA degree from the same institution. Furthermore, I am an Associate of the Chartered Governance and Accountancy Institute of Zimbabwe. I also had the privilege to enhance my leadership acumen by studying the Principles of Leadership and Organisational Leadership courses at Harvard Business School.

I was fortunate to acquire invaluable life lessons from both of my parents, which have significantly shaped my character and life. From my Dad, it was about having a dream and going for it. My father had an uncompromising attitude towards education and hence ensured that we all went to boarding school despite our modest means, which had to be supplemented by some projects — poultry, piggery, and potato farming. His dream was to have an educated clan, a goal that led him to support the education of even his cousins' children.

From my mother, it was about commitment, patience, and persistence. Commitment produces consistent, enthusiastic effort that inevitably yields great rewards.

My upbringing was instrumental in shaping my core values and I am happy to share the following:

Have a Vision - Start from where you are and do what you can with what you have. I learned at an early age that life is about taking action! Cut your excuses in half and double your action. If you look for excuses, you will find them.

Teamwork - We were nine in the family, now eight, all of us very different in our ways. I learned at an early age to appreciate that we are different, yet we need each other. To this day we remain a very closely-knit family. Similarly, even in companies you need a coherent team.

Determination and perseverance - Work hard and just do not give up!

Know what you are going for and go for it! Fall in love with your vision. In difficult times, it is that which will keep you going. When the challenges appear insurmountable, visualising the end will spur you on.

Mercy **Ndoro**

Growing up did you dream about being a leader for a big organisation? What was your inspiration to become the successful leader you are today in the sector?

Growing up back then, societal aspirations centred on professions like being a teacher, a nurse, a doctor, a pilot, or a policeman, but I would like to say, "Man is not the creature of circumstances, circumstances are the creatures of men" — Benjamin Disraeli. More than anything else, it is our decisions and not the conditions of our lives that determine our destiny. So, it has been about the decisions that I have made along the way over external conditions that have taken me this far.

How do you motivate your team and foster a productive work environment?

As Jim Collins said in his book "From Good to Great", if you have the right people on your bus, you don't need to worry about motivating them. The right people are self-motivated and require minimal external impetus to excel. Foundational values are the base upon which we must build if we are going to be winners. Values determine behaviour and our behaviours determine our reputation, which becomes the only sustainable competitive advantage of any business. In this regard, I want to acknowledge that I have a great team deeply aligned with the Dairibord Vision, Mission, and Values, whose dedication is evident in their daily commitment.

What are the biggest challenges facing the dairy industry, and how do you plan to address them?

The Zimbabwean dairy industry grapples with a myriad of challenges that hinder its growth and development. In 1990, Zimbabwe achieved its peak milk production, yielding more than 250 million litres of milk. This output experienced a substantial decline, falling to about 39 million litres in 2008 due to various reasons which include droughts and the land

To Page 12


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From Page 12 re-distribution programme. However, there has been steady growth over the past few years, with milk output closing in 2023 at 99.8 million litres against a national milk demand of approximately 140 million litres per annum, which is a positive story for the nation.

Some of the issues affecting the industry include:

- A challenging economic environment characterised by hyperinflation, fluctuating exchange rates, and acute foreign currency scarcity. These create an unpredictable operating environment for dairy farmers and processors.
- High cost of inputs especially feed, fuel, and veterinary services which make the cost of raw milk in Zimbabwe significantly higher relative to that of its regional competitors. The impending liberalisation of trade under the African Continental Free Trade Area (AfCFTA) will exacerbate this challenge, rendering Zimbabwean dairy products uncompetitive within the broader African market.
- The impact of the El-Nino induced drought this year on pastures and the cost and availability of feed will negatively affect raw milk production.
- The inconsistent supply of water, coupled with the recurrence of extended electricity outages, significantly impedes business operations and results in increased operational costs.
- Dairying is a long-term business, therefore limited access to competitive funding hampers farmers' and processors' ability to invest in or recapitalise their operations.
- Price fluctuations and low consumer purchasing power affect dairy product demand and profitability.
- While Dairibord is making strides in overcoming these challenges, it is important to note that addressing the broader economic and infrastructural issues affecting the entire dairy value chain requires a concerted effort from the government, private sector, and development partners. As a key player in the dairy industry, Dairibord is actively addressing these challenges through various strategies which include:
- Capacity building: Through its Milk Supply Development Unit resourced with Veterinary Doctors, Milk Supply Development Officers, and Nutritionists, the company provides comprehensive support to dairy farmers intending to enhance milk production and quality and reduce cost. Particular emphasis is also being placed on growing feed and pastures to reduce the cost of raw milk production. Dairibord supports small-scale farmers, enabling their meaningful contribution to the nation's raw milk supply and facilitating improved livelihoods. Dairibord actively engages with government and industry stakeholders to advocate for policies that support the dairy sector's growth.
- Diversification: The company has a diversified product range to reduce reliance on milk-based products and mitigate the impact of fluctuations in milk supply. Currently, over 70 percent of Dairibord's products are less milk-dependent, substantiating our "more than just milk" strategy.
- Efficiency improvements: We are enhancing production efficiencies and reducing costs through the strategic allocation of resources towards technological advancements and process refinements.
- Market development: The business is focusing on expanding its market reach both domestically and in the region. This expansion is intended to increase brand visibility, increase sales volume, and generate additional revenue, with particular emphasis on foreign currency earnings.
- Sustainability: We are committed to sustainable practices, including environmental protection and social responsibility, to ensure long-term viability. As a tangible demonstration of this commitment, the company is in the advanced stages of installing solar power at one of its manufacturing plants, aiming to mitigate the adverse effects of power outages on production operations while concurrently reducing the environmental impact associated with traditional power generation methods.

▶▶▶ How do you define success within your role as CEO?

I simply define success as building a sustainable business by making the customers, the employees, and the stockholders happy, which will translate into growth in market share, profits, and share price.

▶▶▶ Can you share a failure you've experienced in your role, and what you learned from it?

We all inevitably fail or fall at one point or another. The point is not to avoid failing or falling because that will happen. The point is to learn from it, dust yourself up, and carry on. As the English philosopher William Whewell said and I quote: "Every failure is a step to success." Rather than focusing on the short-term setback, choose instead to derive valuable lessons from it — lessons that will give you the ability to succeed in the future.

▶▶▶ As CEO, what are the most critical decisions you would need the person in this role to make?

Decision-making is at the heart of every CEO's role. At Dairibord, the two key pillars of our business are our people and our brands. Therefore, the critical decisions are around attracting and retaining the right skills (talent management), acquiring and retaining customers, and growing market share through our brands. Decisions on financial management are also important.

▶▶▶ What sets Dairibord apart from its competitors?

Dairibord has successfully established a prominent position in the highly competitive Zimbabwean dairy sector. Several key factors have been instrumental in differentiating the company.

- First, our heritage and longevity
  With a legacy spanning over 70 years in the dairy industry, Dairibord has undoubtedly demonstrated its capacity for endurance.

- **Integration with dairy farmers**
  Dairibord has established and maintained robust partnerships with dairy farmers, thereby securing a reliable raw milk supply base. As a result of these strategic relationships and various milk supply development initiatives, the company has solidified its position as the leading processor of raw milk, commanding a market share of over 35 percent.

- **Strong brands and market leadership**
  Dairibord holds substantial market share across multiple product categories within the Zimbabwean market, making it a household name. Strong brand recognition and consumer trust have been key to our success.

  The company also offers a diverse product portfolio, extending beyond its core milk offerings to cater to a broad spectrum of consumer preferences and needs. This comprehensive portfolio, encompassing milk, beverage, and food products, has facilitated the acquisition of a large customer base. Some of Dairibord's household brands include Chimombe UHT milk, Steri milk, and Lacto cultured milk within the milk category, Pfuko Maheu, Cascade and Fun n Fresh dairy fruit juices, and Quickbrew tea in the beverage segment. The company's product line further extends into the food category with prominent brands such as Dairibord ice creams, Yummy yoghurt, Rabroy condiments, and Lyons peanut butter.

- **Innovation and product development**
  Dairibord has maintained stringent quality standards, ensuring its products meet consumer expectations and regulatory requirements. The company has a strong consumer-centric approach and has demonstrated a keen ability to identify consumer trends and introduce new products accordingly.

- **Our People**
  Our story is not complete without acknowledging the Team that makes things happen –
  "Team Dairibord" Everyone at Dairibord holds themselves responsible for a higher standard than anybody else expects of them

▶▶▶ What is your vision for the Company's future?

To be a low-cost, high-volume producer of quality products for the sustenance of good health, commanding a position of sustainable market leadership. Grow the business with the current products while adding new products and developing new markets. The business should be able to adjust, adapt, and compete in the face of intensifying competitive pressures, technological disruptions, and the integration of Artificial Intelligence into the market landscape.

▶▶▶ At this point may you share with us an update on what the company is working on?

We are committed to strategic investments that will ensure long-term sustainability and growth for our company. So far this year, the business has commissioned a new line for our Quickbrew tea, and additional capacity for the maheu plant in Chitungwiza amongst other projects. More work is underway for the remainder of the year to optimise efficiencies and enhance output.

The company has a toll manufacturing project in South Africa which is progressing well. This initiative is a key part of our strategy to expand our export footprint, diversify risk, and generate foreign currency through a cost-effective production model. Great strides have been made, and commercial production recently commenced. This is a significant milestone, allowing us to introduce and grow our products in a major African economy and surrounding markets.

We are confident that our expansion plans will position Dairibord for continued success in the Zimbabwean market — and beyond.■

COLUMN

Why boards of Directors, CEOs need ESG training

GONE are the days when organisations relied heavily on sustainability personnel to drive the Environmental and Social Governance (ESG) programmes of the firm. WRITES Tawanda Collins Muzamwese

With each passing day, the board of directors is increasingly being demanded to show leadership and mastery of sustainability matters.

Without this knowledge, boards can easily preside over pollution disasters, child labour, sex scandals and unjust practices by an organisation.

To prevent this from occurring, every organisation must ensure that Boards are trained in the field of ESG.

Becoming a board member comes with a lot of fiduciary, moral and legal responsibilities. In some countries, board members can be charged in their personal capacity for ignoring environmental, social and governance laws — including those committed by the corporate entities which they govern.

"Duty of care" and "due diligence" are becoming buzzwords, the world over and more board members are being quizzed for the ESG violations of the companies that they govern.

Therefore, board members must be ahead of the curve and be able to demand answers from the executive running the business.

With reputation at stake, the only way out is to know.

A board of directors that is shallow on ESG will ultimately pay the cost when situations causing reputational damage arise.

Key examples include allegations of disposing effluent at night in water bodies or modern slavery in the supply chain.

It is the responsibility of the board of directors to ensure that modern slavery is eliminated and also to ensure that the organisation adopts resource efficient practices.

Bouncing back from corporate humiliation is not easy in this unforgiving world, where judgments against an organisation's conduct may be etched in the memories of society forever.

This corporate embarrassment can also be associated with litigation of the individuals on the board presiding over such failure.

The best way to ensure that ESG is mainstreamed into an organisation's operations is through facilitating board induction, including some elements of ESG.

Boards of directors can be briefed about the current sustainability challenges affecting the world and how organisations can respond to these challenges in a pro-active manner rather than a reactive manner.

It is essential to ensure that these "board orientations" are done as early as possible for new members before they get into the comfort zone.

There is overwhelming justification for board training in sustainability, due to the fact that the board has a very essential role of making decisions on behalf of the organisation and providing oversight to the business.

The landscape has greatly changed, especially the external contextual environment. We now live in a world affected by climate change and there are new threats such as depletion of the ozone layer.

The movement towards renewable energy technologies is currently unstoppable.

Organisations which execute the "first mover advantage", will be able to benefit greatly and soar high above their competitors.

Training of board members on ESG matters usually does not last more than a day.

Typically, training can range from a morning to half a day.

This is due to the fact that the training is a high level of conceptualisation and is pitched at the strategic level.

Trained board members are better able to deal with emerging issues affecting the business.

Essentially, cutting edge and qualified trainers are inevitable if organisations are to derive value addition from the capacity building activities.

Mainstreaming sustainability onto the agenda of board meetings is for those organisations with a desire to mature their ESG strategy.

The chairman of the board should show leadership and maturity on issues of ESG. The only way for the chairman to advance knowledge on ESG is through training.

The benefits of mainstreaming ESG at board level include access to international markets, cost savings due to reduced duplication of effort, improved compliance as well as an enhanced corporate image of the organisation.

Consequently, being led by board members who are not conversant with ESG results in organisations losing goodwill and paying highly for resource costs.

A board that is highly trained on ESG can easily provide oversight over certain issues occurring in the organisation and also bring some value-adding advice to the CEO.

Training of board members can be high level on the global ESG issues of relevance to give a broad understanding of many ESG issues at a time, without greater depth.

Alternatively, training of board members can also be thematic and modular on specific ESG issues affecting the organisation.

The time when board meetings were just "tea meetings" in boardrooms, where some members would sit without saying a word is gone.

"Ceremonial board membership" where a board member just accumulates positions to gain board fees without serious contributions to the business is seeing its epitaph.

The modern day board member should be eager to know new concepts, novel ideas and get to understand emerging issues such as ESG.

That way, companies can be relevant and operate in close proximity with their stakeholders. The creation of good "corporate citizens" is only possible when board members are trained.

Without training, board members resist ESG adoption and sustainability programmes.

The reason for the resistance will be based on lack of awareness and fear of the unknown. To avoid being under siege by customers, stakeholders and environmental regulators, it is imperative to bring boards of directors and CEOs to the ESG training.

Consequently, success of any ESG initiative will be determined by the collective knowledge of the board of directors and the incumbent CEO. ■

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Q&A

CBZ Holdings appointed Lawrence Nyazema as Group CEO in 2024. He previously served as Acting CEO and Managing Director. Nyazema will oversee acquisitions and regional expansions. CBZH already holds the position of the bank with the largest deposits and assets in the country. To learn more about what inspired this illustrious career, ZimDirector's Beaven Dhliwayo sat down with Lawrence (LN). Below are the excerpts from the interview.

▸▸▸ Briefly give us your background. Who is Lawrence Nyazema, any early struggles? How did these experiences shape you into the leader you are today?

From a young age, I had the opportunity to experience both sides of life, starting from my diverse schooling environments that transitioned to later learning at a Group A school back in the 70s. This integration taught me resilience and adaptability, a lesson that has stayed with me throughout my life.

> *The CEO and top team should focus 80 percent of their efforts on shaping the future of the entity*

▸▸▸ Growing up did you dream about being a banker? What was your inspiration to become the successful banker you are today?

Growing up, I had no idea what a banker was, I only knew about bank tellers from trips I would do to the local post office. I initially aimed for an engineering apprenticeship. However, I somehow inadvertently entered into banking. What was meant to be temporary became permanent as I quickly integrated into Zimbank, the bank I was working for then, enjoying the work and rising rapidly within the organization. The 80s saw new financial institutions emerging, creating opportunities for talent. I gained experience in international banking, treasury, and the dealing room, advancing swiftly in my career.

LAWRENCE NYAZEMA
CBZ GROUP CEO

▸▸▸ How do you motivate your team and foster a productive work environment?

Creating a collaborative and conducive work environment is crucial, as people spend more time at work than at home. Recognizing individual contributions and sharing a clear vision helps motivate employees. It's important to treat people according to their unique needs, whether they are introverted or extroverted. Positive feedback and leading by example are essential. Occasionally joining the team in challenging situations helps leaders understand and improve working conditions.

▸▸▸ What are the biggest challenges facing CBZH and how do you plan to address them?

The biggest challenge for CBZH is generating enough capital to meet the high demand for funding and foreign currency in Zimbabwe's banking sector. We play a leading role in driving the economy toward the Government's goal of becoming an upper-middle-income country by 2030. To realize Zimbabwe's

As the world shifts, so should leaders

economic potential, we need to intensify our efforts, raise capital, and create solutions that enable economic players to thrive, regardless of the environment.

How do you define success within your role as CEO?

Success for CBZH is defined at both macro and micro levels: at the macro level, it involves providing transformational solutions to stakeholders, addressing issues like the energy crisis, and supporting sectors such as agriculture, mining, and manufacturing to drive economic growth. At the micro level, success means fulfilling the aspirations of shareholders, employees, and customers by ensuring profitable investments, career growth, and excellent service.

As CEO, what are the most critical decisions you would need the person in this role to make?

The CEO and top team should focus 80 percent of their efforts on shaping the future of the entity, making strategic decisions on investments, technology, talent, and risk management to ensure long-term relevance and success, rather than just managing the present. The famous Nokia example comes to mind. At one point, they were a giant in their field, but they did not see the changes that were coming. So really, it comes down to making future decisions, and those decisions are around investments that you are making. It could be investments in technology, with all focus on AI and cyber security, it is about how are we making the right investments that will ensure that we are in existence in 10/50/100 years.

What sets CBZH apart from its competitors?

CBZH stands out as a comprehensive financial services group with a strong banking sector and significant market share. We aim to develop our insurance, property, and investment businesses further. Being a Zimbabwean entity allows for faster decision-making. As we plan to expand regionally and internationally, of importance is service and people as our key differentiators in a competitive market.

What is your vision for the Bank's future?

CBZH aims to diversify and expand regionally and internationally by leveraging digital solutions and partnerships, bringing successful Zimbabwean financial services to new markets, and introducing new products like REITs in neighboring countries, all while maintaining a strong balance sheet.

At this point may you share with us an update on your new investments and developments?

CBZH's strategic focus is maximizing mergers and acquisitions to grow our balance sheet and market share. The First Mutual Holdings (FMHL) merger and the much anticipated ZB Holdings transaction currently underway is a good example. The FMHL merger aims to enhance CBZH's insurance offerings by increasing market share and adding re-insurance capabilities. FMHL brings additional benefits such as health insurance, regional presence in Botswana, Mozambique, and Malawi, and a property business. The merger also includes combining their investment and microfinance businesses, significantly boosting their asset management and microfinance capabilities. Overall, the merger is seen as a way to provide comprehensive insurance solutions and expand CBZH's regional footprint.

What sort of impact have you achieved in the financial services sector?

The impact of our sector is still emerging. Some have had partial success, but their institutions eventually folded. Everyone in the sector must contribute to its stability and impact. So it would be rash of me to sit here and claim that I have had a lot of successes and have been impactful. I would want the rest of my career to be more impactful than has been the case in the past.

Any parting message for the corporate world in Zimbabwe.

There is a need for collaboration within Zimbabwe's financial services sector, drawing comparisons to South Africa where large transactions involve multiple institutions sharing both risks and rewards. I advocate for more cooperation across banking, insurance, and investments to strengthen the sector. Business associations are critical at this point as they will enable the sector to engage the government effectively. For example, the multi-currency debate saw a unified business voice leading to the decision to maintain a multi-currency system until 2030. The overall message is that collective efforts are crucial for economic improvement.

COLUMN

Greenwashing: A new firm evil

The past decade has seen several stakeholders pressure firms to disclose information about their environmental, social and governance activities WRITES Alexander Maune.

Introduction

Firms in the energy sector have been the main focus of various stakeholders and have been pressured to produce sustainable products and clean energy.

Research shows that more than 66 percent of global consumers are prepared to pay more for products that are perceived to be environmentally friendly.

Furthermore, researchers found that customers pay higher prices for products and services from firms perceived to be socially responsible. The past decade has also seen the proliferation of green markets.

This phenomenon increased environmental compliance pressure on firms. This growing pressure on firms to disclose all sustainability-related issues that could reasonably affect the firm's cashflows, its access to finance, or cost of capital over the short, medium, or long term is driving many firms to greenwashing.

Greenwashing is the intersection of a firm's poor performance and positive communication about environmental performance. Many companies are investing substantially in green marketing communications to cultivate a positive image as environmentally conscious and socially responsible entities.

What is Greenwashing?

There is no settled definition of greenwashing. The Concise Oxford English Dictionary defines greenwashing as "disinformation disseminated by an organization to present an environmentally responsible public image; a public image of environmental responsibility promulgated by or for an organization, etc., but perceived as being unfounded or intentionally misleading". Greenwashing is, however, multifaceted and, therefore, has attracted several definitions.

Greenwashing is an act of misleading, selective disclosure, and decoupling behaviour by firms. First, a firm is said to be greenwashing when it misleads consumers regarding its environmental practices or performance and promotes positive communication about environmental performance. Secondly, a firm greenwashes when it is involved in selective disclosure of positive information about its ecological or social performance, without full disclosure of negative information on these dimensions, to create an overly optimistic corporate image.

Thirdly, a firm greenwashes through symbolic corporate social actions which are not substantive. To Lyon and Montgomery (2015), greenwashing is an "umbrella term" for behaviours that mislead consumers regarding the organization's environmental performance.

It was first detected in 1986 by activist Jay Westerveld when hotels began asking guests to reuse towels, claiming it was a company water conservation strategy. However, the hotel had no environmental actions with more significant environmental impact issues.

Greenwashing is the act of misleading consumers regarding the environmental practices of an organization (firm-level) or the ecological benefits of a product or service (product/service-level). Delmas and Burbano (2011) state that an example of firm-level greenwashing is the "Ecomagination" campaign from General Electric, which advertised the organization's environmental practices while at the same time lobbying to fight new clean air EPA requirements.

An example of product/service-level greenwashing is the Energy Star mis-certified refrigerators from LG, an eco-label of energy efficiency, which found that ten models of LG's refrigerators were not energy efficient to be certified. Greenwashing is classified into two types: claim greenwashing and execution greenwashing.

Claim greenwashing — involves the use of

To Page 20

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From page 18

textual arguments that explicitly or implicitly refer to the ecological benefits of a product or service to create a misleading environmental claim.

Executional greenwashing — is a strategy that suggests nature-evoking elements such as images using colours (green, blue) or sounds (sea, birds). Examples of execution nature-evoking elements are backgrounds representing natural landscapes (mountains, forests, oceans), pictures of endangered animal species (pandas, dolphins) or renewable sources of energy (wind, waterfalls). However, intentionally or not, these nature-evoking elements may induce false perceptions of the brand's greenness. They can trigger ecological inferences subtly by activating implicit references to nature through nature imagery.

Greenwashing Typologies

Several taxonomies of greenwashing encompass different misleading behaviours that range from slight exaggeration to complete fabrication. TerraChoice (2010) identified seven 'sins" dividing claim greenwashing. These "sins" are:

- The sin of the hidden trade-off — when one environmental issue is emphasized at the expense of other more serious concerns.
- The sin of irrelevance is emphasized when an environmental issue is unrelated to the product.
- The sin of lesser of two evils – when an environmental claim about the product might be valid but distracts the consumer from a more significant environmental impact related to the whole product category.
- The sin of fibbing — when environmental claims are a lie.
- The sin of no proof — when environmental claims are not backed by evidence or third-party certification.
- The sin of vagueness — when a marketing claim is poorly defined or broad, the consumer can easily misunderstand it.
- The sin of worshipping false labels — when marketers create a false suggestion or certification-like image to mislead consumers.

Building and expanding previous typologies, Lyon and Montgomery (2015) identified seven types of greenwashing, which are:

- Selective disclosure would also include legitimation strategies companies use to report "negative aspects".
- Empty green claims and policies or the so-called "cheap talk".
- Dubious certifications and labels.
- Co-opted NGO endorsement and cross-sectoral participation.
- Ineffective public, voluntary programs, including bluewashing.
- Misleading narrative and discourse.
- Misleading visual imagery.

Drivers of Greenwashing

Several drivers drive firms towards greenwashing. These drivers are divided into individual, external, and organizational.

External Drivers: include a lax and uncertain regulatory environment that allows firms to mislead stakeholders with a low risk of punishment. Firms` greenwashing and green communication are exposed by NGOs and media that informally monitor firms for such practices. Market forces are another group of external drivers. For example, pressures from consumers and investors regarding environmental performance encourage brown companies to create false eco-images. While pressures from public authorities and activists do not force managers to increase the integration of ecological aspects in a firm's operations, shareholders, suppliers, banks, and other financial institutions positively influence honest corporate environmentalism. Pressures from customers and industrial associations encourage greenwashing.

Organizational Drivers: Consumer products firms, large publicly traded companies, and manufacturing firms are likelier to engage in greenwashing. Consumer products firms face more significant environmental pressure from consumers, while large firms face higher pressure from socially responsible investors than smaller and private firms. Manufacturing firms, especially those that operate in environmentally and socially sensitive industries, can count on higher legitimacy benefits related to environmental communication.

Growing firms are also likely to engage in greenwashing as they expect an increased interaction with stakeholders in the regulatory arena. From the cost side, larger firms with well-known brands, especially those in consumer products industries, are most likely to be the target of public scrutiny, which increases the potential costs of greenwashing.

Moreover, firms operating in more environmentally damaging sectors, particularly countries that are more exposed to scrutiny and global norms, are less likely to engage in selective disclosure. However, more profitable firms are more immune to reputational crises and bottom-line shocks, hence their ability to handle costs related to fines and litigation.

Incentive structure, ethical climate, organization age, and internal communications systems are other internal drivers of greenwashing. Furthermore, greenwashing can occur among organizations with egoistic rather than principled ethical cultures.

Individual Drivers: Under conditions of uncertainty and limited or imperfect information, cognitive tendencies such as narrow decision framing (short-term focus), hyperbolic intertemporal discounting (inconsistency between long-term goals and short-term behaviour), and optimistic bias (tendency to overestimate and underestimate the likelihood of positive and negative events, respectively) may also contribute to greenwashing.

Impact of Greenwashing

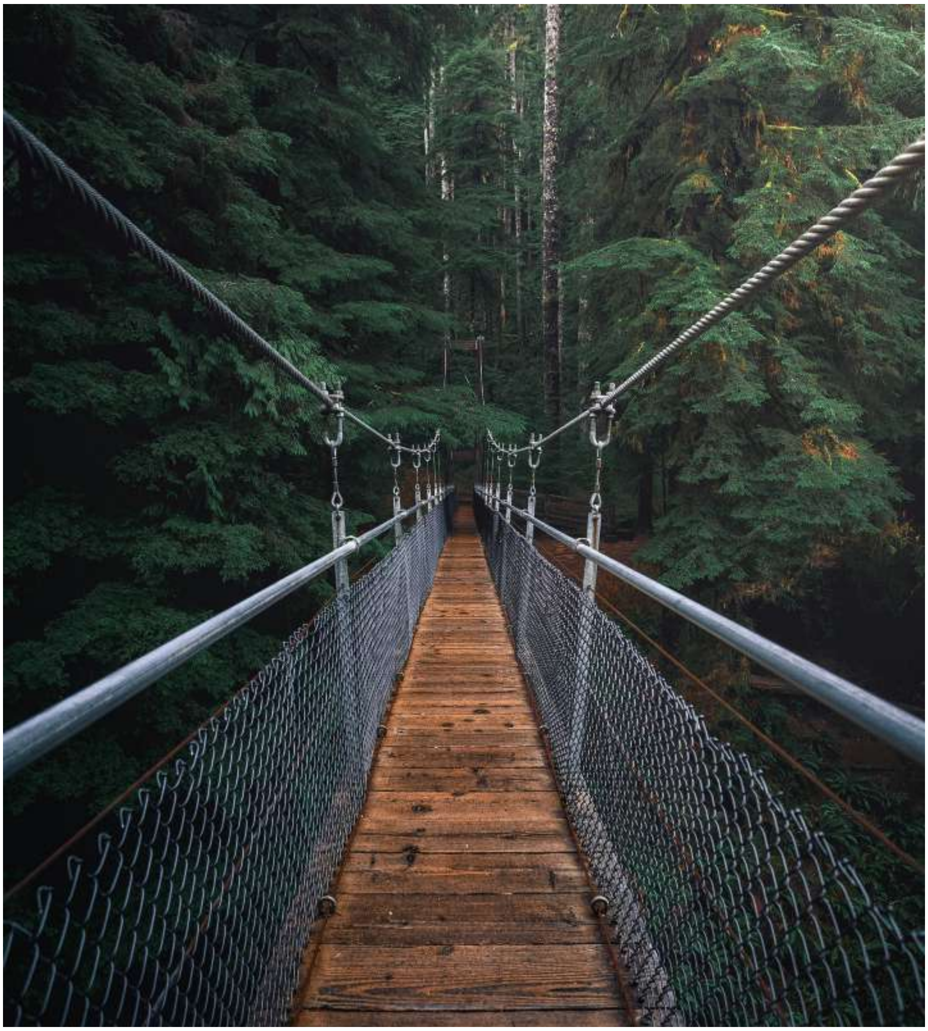
Greenwashing poses a risk as it has the potential to significantly impede the green transition by distorting the financial markets and undermining the allocation of capital to the green transition. It negatively affects consumer, investor, and NGO confidence in corporate environmental activities, eroding markets for sustainable products and socially responsible investment. Greenwashing increases the risk of lawsuits for false and misleading statements. Greenwashing has detrimental consequences for society and does not pay off for the firms themselves. Results of previous research studies indicate that the benefits of greenwashing are temporary and are limited to short-term image improvement. Studies also show that greenwashing has adverse effects on overall firm performance indicators. For example, a study by Walker and Wan (2012) found a negative effect of greenwashing on financial performance in top-performing Canadian firms in industries with a negative environmental impact.

On the other hand, Parguel et al. (2015) found that the execution of greenwashing in the form of nature-evoking elements in advertisements effectively mislead consumers in evaluating a brand's ecological image, especially if they have low knowledge of environmental issues. Furthermore, Chen and Chang (2013) find that greenwashing increases consumer confusion and perceived risk, reducing consumers' trust in a product's environmental performance. Also, a study by Jong et al. (2017) indicates that even when consumers know that green claims are untrue or misleading, greenwashing organizations create a more favourable image than silent brown organizations. Therefore, there is a need to increase consumer awareness regarding greenwashing.

How to address Greenwashing

Standards and regulations that somebody can use to help identify and prevent greenwashing when used comprehensively have been observed to fall into one of five categories: (1) climate disclosure and accounting, (2) labelling standards, (3) standards on green ratings and criteria, (4) green taxonomies, and (5) net zero integrity standards. All these seek to address the various aspects in which greenwashing can arise. The following are recommendations to avoid greenwashing risks:

Screen your green: Scrutinize the accuracy and credibility of any green statement;



- In excellent and green faith: Be transparent about how green objectives are integrated into the firm's products and its objectives;
- ***Walk your green talk:*** Ensure the company or fund's green image is consistent with the internal actions of the company or fund and their actions about third parties;
- ***Observe the changing shades of green:*** Expectations and regulations are rapidly evolving, so monitor developments in relevant jurisdictions;
- ***Be alert to green duties:*** Know your legal and fiduciary responsibilities to investors, beneficiaries, and stakeholders.

Honesty in business – another remedy to greenwashing is to promote honest business practices. The Talmud Bavli (Tractate Shabbos, 31a) teaches us that: "The first question an individual is asked in the afterlife at the final judgment is: 'Were you honest in your business dealings?'" The Talmud emphasizes the value of acting honourably in economic transactions because, more than any other human activity, these transactions put our moral fibre to the test and expose our character flaws. Larry Kahaner contends that in an era where our innate desire is to maximize our profits regardless of the costs, it is via money and trade that we reveal our human weaknesses, our prejudice, and our capacity for treating people fairly. No transaction is small, and no infraction is insignificant in the eyes of the Talmud.

The Next Frontier of Greenwashing claims

Greenwashing is a rapidly evolving phenomenon that has seen emerging, even creative, forms of greenwashing that the regulatory regime will need to contend with in the future. Researchers expect that the next frontier of actions against companies considered to be engaging in greenwashing may include:

- ***Greenwashing by association*** — intermediaries or asset managers who include companies in their green portfolios based on the portfolio company's greenwashing and represent their portfolios to be green may be liable for misleading green representations. Likewise, companies who have joined net zero alliances but do not meet their commitments may be greenwashing by their association with the net zero alliance. Similarly, companies that claim to be green but are also funding organizations that lobby against Paris-aligned goals may also be found to be greenwashing.

- ***Transition-washing*** — institutions may be greenwashing if they provide "transition finance" or "green finance" to high emissions intensity corporations when that finance is not used for transition or green activities or in circumstances where the activities meet definitions of green or transition in only particular jurisdictions, or where the company is financed does not have a credible emissions reduction pathway that is in line with Paris Agreement temperature targets / International Energy Agency's net zero greenhouse gas emissions modelled pathways that limit warming to 1.5°C. Transition bonds or other forms of finance that have not clearly defined the use of proceeds or detailed how to measure, plan, and implement the greenhouse gas emissions reduction targets may be exposed to claims of greenwashing if the use of the finance is not considered sufficiently transition-aligned.

- ***Greenwashing via offsets*** — where a company markets a financial product as green but relies wholly or in material part on the purchase of voluntary carbon credits to support this claim, i.e., the increasingly contested practice of 'offsetting'. Claims on this basis have already been brought in Sweden against dairy company Arla and in the Netherlands against Dutch Airways KLM about using carbon offsets to describe their high emissions activities as carbon neutral or offset.

- ***Greenwashing claims brought by competitors*** — industry policing competitors' green claims. We expect to see more claims by companies against their competitors for greenwashing, such as those brought in by the Italian courts for one company's greenwashing of its products, causing damage to another company's competitive green advantage. Competition law authorities are also expected to open up more investigations into competition law infringements.

Conclusion

In conclusion, companies should embrace sustainable reporting practices and ecologically and socially responsible business models to prevent greenwashing, which is harmful to the green movement. Businesses must maintain moral business conduct. Greenwashing must be denounced, and rules governing businesses on climate-related matters must be developed by authorities.

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COLUMN

Zim's Telcoms
embrace ESG to bridge connectivity divide

In recent times, there has been an increasing demand for ESG compliance especially if businesses are to expand their services to new markets, transact with Multinationals, and seek investment to grow WRITES Prosper Mutswiri.

The recent pronouncement by the Zimbabwe Stock Exchange (ZSE) regarding mandatory ESG disclosures further justifies the need to escalate the discussion on this particular subject at the national, boardroom, and strategic levels.

Zimbabwe's developed a national developmental strategy (NDS1 & 2) which seeks to create wealth and expand the horizons of economic opportunities for all with none being left behind.

Currently, the rural communities in Zimbabwe are marginalized as the development and access to technologies in Zimbabwe follows economic corridors resulting in telecommunications network operators being largely concentrated in urban areas.

Furthermore, this is also necessitated by the desire to seek a quick return on investment in their businesses. Internet penetration has been on the upward trend from 65,30 percent (2022) to 75,36 percent (2024) according to POTRAZ Q1 Abridged Report 2024.

The 3G network coverage in Zimbabwe is estimated to amount to 87.75 percent in 2024 whilst active data subscribers are growing at an average of 2.78 percent. According to the Rural Electrification Fund (REF) statistics, a total of almost 11,000 electrified points are not connected to the internet yet form the fertile addressable market. ESG issues have also increasingly become high-priority matters for leaders across industries and the globe.

Let's demystify ESG, its meaning, and how it has been unpacked by various scholars.

ESG stands for environmental, social, and governance and has become the new sustainable business concept in the international business space.

These are called pillars in ESG frameworks and represent the three main topical areas that companies are now expected to report on. Kam Tai Kamsuo Wong,2017 described Environmental, Social, and Governance (ESG) as a term that is commonly employed in Corporate Social Responsibility (CSR) and ESG information is becoming everybody's concern because of the possible long-term impact given to the investment community and also to other stakeholders at large".

This view captures the main goal of ESG as to capture all the non-financial risks and opportunities inherent to a company's day-to-day activities and companies implementing this concept stand a chance of attracting investment for sustainability initiatives.

It is also believed that firms that embed the purpose and values of ESG will deliver tangible results more successfully and are likely to win more work in the market than those that ignore them. It is largely because of increased customer confidence as they are treated as responsible "citizens".

Despite the rapid climate and business environmental changes, it is believed that there is slow adoption of this new model as a leading competitive advantage by telecommunications to survive.

Many researchers find that "social responsibility" is positively related to an organization's financial and social performance. Russo and Fouts have identified CSR as a source of competitive advantage in which a firm can create a sustainable competitive advantage.

Therefore, engaging in corporate social responsibility issues could be a worthwhile consideration for a firm's management. Bernardi and Stark 2020, find evidence of a strengthened relationship between ESG, environmental and governance disclosure levels, and analyst forecast accuracy following the introduction of Integrated Reporting for both financial services firms and those from the other sectors.

Numerous positive benefits are asserted including better internal resource allocation decisions; and external market benefits such as meeting the needs of mainstream investors who want Environmental, Social, and Governance (ESG) information. Lembani et al. (2020) emphasize the increasing acknowledgment of CSR as a strategic approach for companies to support sustainable development goals and generate shared value for both the business and society.

They assert that by aligning their CSR programmes with societal needs and sustainable development priorities, companies can improve their reputation, establish trust with stakeholders, and promote long-term business sustainability.

Kormos and Wisdom (2021), highlight the importance of long-term dedication and careful strategizing to make a lasting impact and foster sustainable change in marginalized communities.

It is argued that temporary initiatives or short-term projects are often inadequate in tackling the intricate and deeply ingrained issues related to digital exclusion. Instead, it is emphasized that sustained dedication, ongoing investment, and flexibility in response to evolving circumstances are essential for promoting significant and lasting transformation.

It is prudent to acknowledge the various views of other researchers regarding the same subject. Some researchers find that there is a short-term negative impact on financial performance when firms apply the sustainability strategies which are officially required, some argue that socially responsible initiatives create additional costs that may have negative impact on companies' financial performance and hence become less competitive than those less socially responsible organizations.

Lamberton 2016, criticizes that corporate impacts on the environment can be changed by the provision of relevant information to stakeholders such as businesses passing environmental taxes on to consumers to partially offset the underpricing of economic goods and services from the failure to include environmental and social costs in market prices.

Kalinowski finds out that there is no clear correlation between sustainability support variables and stock market size variables. Adams & González argue that further research engaging with organizations is needed to identify how these two relate.

Other renowned scholars advocate that ESG reporting remains inadequate for financial analysis, even as the quantity of publicly available ESG information has grown exponentially. They explain the deficiencies of public ESG information are a side-effect of the flexibility the current mix of voluntary and mandatory ESG reporting provides.

While all those views hold weight to some degree, ESG reporting remains a measure to achieve transparency about the respective performance of a firm and a means of communication to stakeholders including shareholders and investors, employees, clients, and the committees which such reports are useful tools for both the reporting firm and stakeholders and are an indicator of the importance of ESG issues in a firm.

It is also crucial that businesses seek a deeper understanding of the ESG model and how this can become a competitive strategy both locally and globally.

An effective ESG Model can be significant in bridging the Rural Digital Divide, especially for Zimbabwe telecommunications companies. This concept builds upon various insights that have been undertaken by various researchers in the business and information technology field aimed at finding sustainable solutions for bridging the rural digital divide.

Several studies have concluded on strategies around how telecommunication especially Internet Access Providers companies should do to survive in Zimbabwe, especially in targeting high returns markets which are shrinking already but they have also left out rural communities with growth potential although very low disposable incomes.

The impact of digital technology is unreservedly visible in transforming and improving business processes, and ESG is no exception. A major solution to reducing the digital divide is to increase connectivity in all communities.

Providing widespread internet access can help previously unconnected users take advantage of economic, learning opportunities, improvement in healthy access as well as economic performance.

A national assessment carried out on the level of broadband connectedness of the rural communities indicated that most of the electrified rural communities have no access to broadband services.

These already form part of the easy addressable market by telecommunications operators. About 75% (4,920) of the primary schools and 43% (1,691) secondary schools have no broadband connectivity.

The Land Reform Program spearheaded by the Government of Zimbabwe further established more settlements, schools, and developmental communities which required to be connected to broadband and ICT connectivity.

In line with SDG 4 and SDG 9, the world over is working at investing in access to ICTs and quality education to promote lasting peace.

On the other hand, the business world is battling with climate change and the telecommunications sector plays a pivotal role in mitigating the effects as they conduct their business.

ESG factors encompass a wide range of considerations, such as carbon emissions, resource usage, employee well-being, diversity, and inclusion, among others.

More scholars and researchers agree that there is a significant relationship between bridging the rural divide by telecommunications operators through the development of an effective ESG model as a competitive advantage.

I must acknowledge that many still hold that the true competitive advantages for telecommunications companies should be their performance, infrastructure, and brand efforts.

In conclusion, based on these differing views on the relationship between the ESG and financial performance of a company, there is no outright conclusion regarding the impact of ESG as a competitive strategy but there is good evidence that companies that effectively leverage it will grow, attract investment, compete and sustain its operations from generations to generations.

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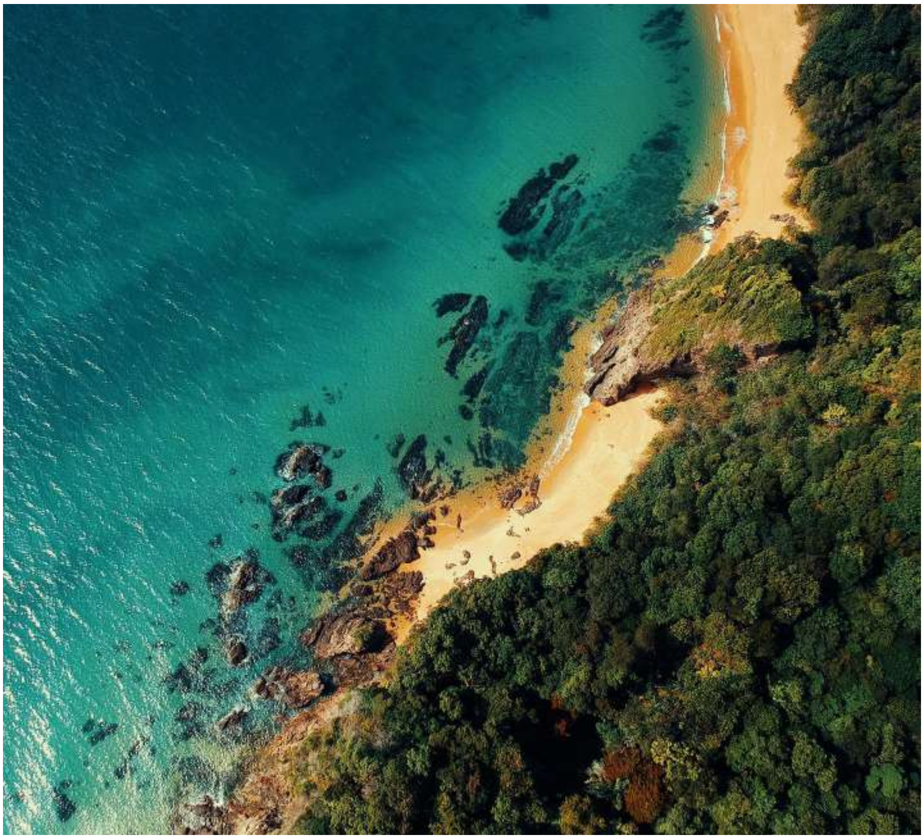
COLUMN

CAN ESG
bring customers to a business?

Environmental and Social Governance (ESG) is a business model which ensures that a business operates in an ecologically sustainable manner, whilst being socially just and adhering to good corporate governance WRITES Tawanda Collins Muzamwese.



The key question that many organisations still have is whether customers care about ESG and whether or not it results in an increased market share.

Trends and patterns of modern-day consumers have shifted drastically, to prefer sustainable brands. If your organisation is well known for pollution, it is becoming difficult to attract new customers.

As new regulations are being promulgated, there is a risk of unsustainable companies losing their market share.

Some of the key things that determine customer trends include certification to international standards, carbon footprint, organic products, and energy efficiency. Some customers are concerned about the elimination of slave wages in the supply chain. It is becoming very difficult for scandalous companies to be included in the supply chain.

Corrupt organisations can find themselves in a conundrum, due to the resentment of many customers. What is critical, as companies develop their key strategies, is the fact that reputational risk is a major determinant of business success.

Therefore, addressing governance issues remains a key 'antidote' for business success.

In some jurisdictions, regulations are promulgated which specify that no one is allowed to procure from unsustainable enterprises. Certain public procurement regulations may consider environmental and social performance as part of the screening criteria.

Running a business which is involved in sexual exploitation abuse and harassment is a big risk. Stakeholders will not tolerate such shenanigans if your brand is associated with such antics. Modern consumers are also referred to as "green consumers" and they have become unforgiving to organisations that ignore ESG.

ESG is a big driver of the good corporate reputation of an organisation. Therefore, companies that implement ESG, are better able to demonstrate and portray a good image. With a good image, companies can be able to earn a 'license to operate'. This is the trust of society, communities, and stakeholders.

Having a bad record on ESG can easily become viral these days in the day and age of social media. Information easily can move very fast.

Information about the misdemeanours of companies is newsworthy.

The same customers to which an organisation pretends its behaviour to; are the same customers who may also come across negative publicity.

The way that people judge you, is based on what is "real" and what is "perceived". Whilst you can control what is real, your challenge arises when you are dealing with perception. What customers think about your business is important. Their perception matters and may determine their buying patterns. One of the ways of showing that a business is a good corporate citizen is through implementing ESG.

Where we are going with development, it will be difficult to do business if ESG is peripheral. As this is also a topical issue, companies should also ride on the "bandwagon effect" that ESG is enjoying.

The race towards winning a customer remains real. Your competitors will surge ahead of you due to ignoring the ESG issues. Failing to meet ESG issues also means that your legal record is tainted. With a barrage of lawsuits, the popularity of brands can wane and fade into thin air. Preserve your brand! Embrace ESG!

Tawanda Collins Muzamwese is an international consultant in Sustainability, ESG, Safety, Health, Environment and Quality (SHEQ). He has facilitated training and consultancy in more than 30 countries worldwide. He is the Chief Sustainability Consultant and Founder of Toxiconsol Consultancy t/a African Sustainability Consultants – a sustainability consulting firm.

AMBASSADOR PATRICIA GONDE:

Transforming Education In Zimbabwe

Ambassador Patricia Gonde is a distinguished figure in Zimbabwe's education sector, currently serving as the Head of Academics at Escola Lusitania. Her career is marked by a deep commitment to educational excellence, leadership, and the promotion of high academic standards. With extensive experience and a passion for learning, she has made significant contributions to the development of education in Zimbabwe.

Patricia Gonde's journey in education began with a solid academic foundation. She pursued higher education with a focus on educational management and leadership, equipping herself with the skills necessary to excel in the field. Her dedication to learning and professional development has driven her career.

As the Head of Academics at Escola Lusitania, Ambassador Gonde plays a pivotal role in shaping the academic direction of the institution. Her responsibilities include overseeing curriculum development, implementing educational policies, and ensuring the highest standards of teaching and learning. Her leadership has been instrumental in fostering an environment of academic excellence and innovation at the school.

Ambassador Gonde is known for her progressive approach to education. She believes in a holistic education system that not only focuses on academic achievement but also on the overall development of students. Her educational philosophy emphasizes critical thinking, creativity, and the importance of lifelong learning.

At Escola Lusitania, she has introduced various initiatives aimed at enhancing the learning experience. These include incorporating technology into the classroom, promoting experiential learning opportunities, and encouraging a student-centered approach to education. Her efforts have resulted in improved academic outcomes and greater student engagement.

Beyond her role at Escola Lusitania, Ambassador Gonde is an advocate for educational reform and innovation in Zimbabwe. She has been involved in numerous educational committees and organizations, contributing her expertise to the broader educational community. Her advocacy work focuses on improving access to quality education, particularly for underserved communities, and promoting equity in the education system. Her leadership extends to professional development for educators. She regularly conducts workshops and training sessions for teachers, emphasizing the importance of continuous learning and professional growth. Her commitment to teacher development ensures that educators are well-equipped to meet the evolving needs of students.

The education sector in Zimbabwe faces various challenges, including limited resources, infrastructural issues, and socio-economic factors that impact student performance. Ambassador Gonde's tenure has been marked by her ability to navigate these challenges with resilience and innovation. She has been proactive in seeking solutions and leveraging partnerships to enhance the quality of education at Escola Lusitania. Her response to the COVID-19 pandemic is a testament to her adaptability and leadership. She implemented remote learning strategies to ensure the continuity of education during school closures and provided support to both teachers and students in adapting to the new learning environment. Her efforts minimized disruption and maintained academic standards despite the unprecedented circumstances.

Ambassador Gonde's impact extends beyond the classroom. She is actively involved in community development projects and initiatives that promote education and social welfare. Her work with local communities includes programs aimed at improving literacy rates, providing educational resources, and supporting vulnerable children.

Her dedication to community service is reflected in her efforts to bridge the gap between education and socio-economic development. By addressing issues such as poverty, gender inequality, and health, she contributes to creating a more inclusive and equitable society.

Ambassador Patricia Gonde's leadership and contributions to education in Zimbabwe are exemplary. As the Head of Academics at Escola Lusitania, her commitment to academic excellence, innovation, and community engagement sets her apart as a visionary educator. Her work continues to inspire and influence positive change in the education sector, making a lasting impact on the lives of students and the broader community.

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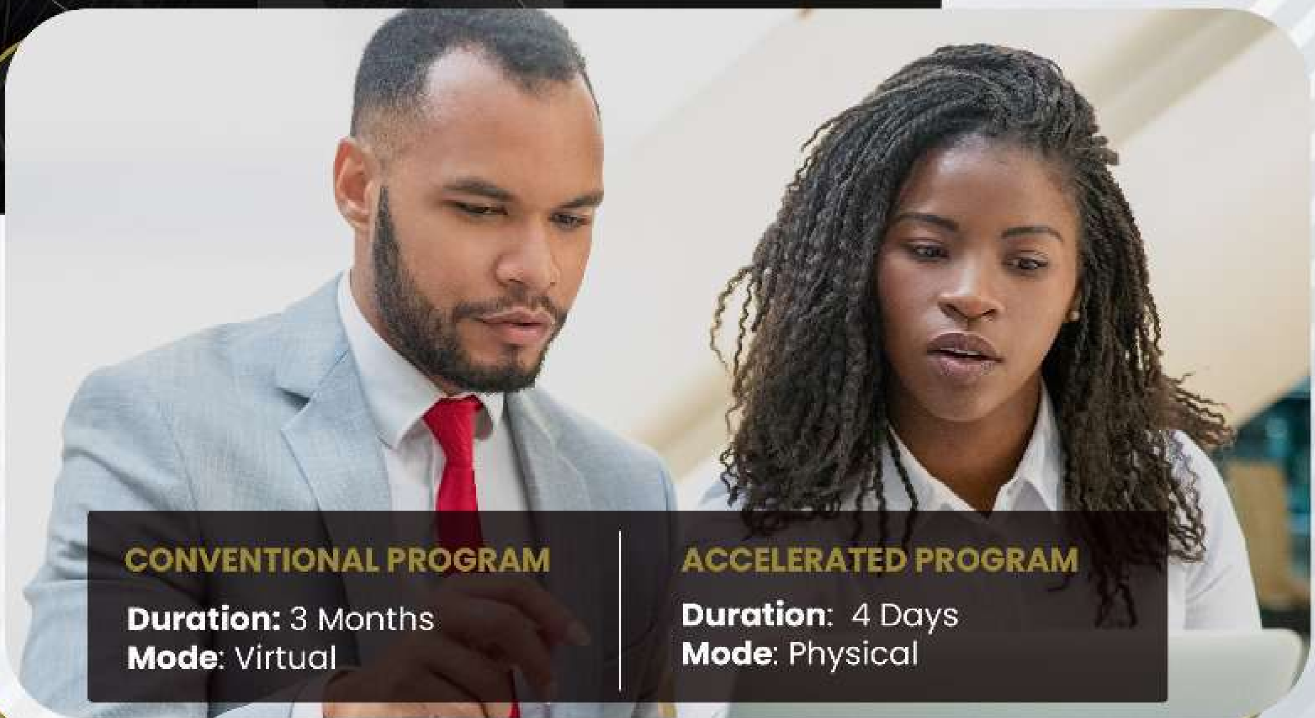

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The rise of Environmental, Social and Governance (ESG)

Time for action

Businesses, the world over, have awakened to the reality of an escalation of Environmental, Social, and Governance (ESG). Paradoxically, not all businesses have been prepared for this great spurt in the relevance and demand for ESG WRITES Tawanda Collins Muzamwese

Initially, ESG was perceived as a "nice to have", but it has become a "license to operate". Organisations which have a long-term perspective of operations are already adopting ESG practices within their business strategy.

To harness global markers, leverage on exports, and grow the brand image – ESG is imperative to any forward-looking enterprise.

What is ESG?

Firstly, ESG is a business model where an organisation's operations are anchored on environmental sustainability, including energy efficiency, water efficiency, waste prevention, and hazardous chemicals management.

Furthermore, ESG pursues the social sustainability pillar of dealing with social issues such as gender, and diversity, prevention of child labour, eliminating forced labour, and preventing discrimination.

Finally, ESG propels good corporate governance within organisations, including good leadership, adherence to ethics, integrity, and anti-corruption, eliminating conflicts of interest, and ensuring compliance with regulations.

What are the historical developments at international and local level that have driven ESG to the pinnacle of business?

Currently, the world is confronted with a plethora of environmental and social challenges that threaten the survival of humanity.

The climate challenge is regarded as the greatest challenge of our time.

In most countries, the last year – 2023; turned out to be the hottest in history. Recurrent droughts, erratic rainfall, and a rise in sea level continued to wreck serious havoc.

By the year 2030 global temperatures are predicted to rise by 2 degrees Celsius. These changes will affect business as well, including the limited availability of water resources. Other environmental challenges affecting the world include deforestation, water pollution, air pollution, eutrophication of water bodies, and depletion of the ozone layer.

In the years before the 1960s, environmental management was done on an ad-hoc basis without a plan or a strategy. The turning point in the script of environmental sustainability, was in 1962 when Rachel Carson – an American writer, biologist, and conservationist wrote a book entitled "The Silent Spring" which elucidated the global environmental crises and the role of humans in exacerbating the situation.

By the year 1987, the United Nations appointed Gro Harlem Brundtland to chair the World Commission on Environment and Development (WCED) better known as the Brundtland Commission. Their output was an impressive blueprint document entitled "Our Common Future" and the commission also presented the typology of sustainable development definition as the development that meets the needs of the present without compromising future generations.

The early 1990s saw the United National Conference on Environment and Development (UNCED) being held in Rio de Janeiro, Brazil, culminating in Agenda 21, which was a set of 21 action points on sustainability. In the same year, the United Nations Framework Convention on Climate Change (UNFCCC) was signed.

Later on, within that decade, in 1997, the Kyoto Protocol was signed in Japan.

The new millennium brought with it intrigue of being "Y2K compliant" and the anxiety of whether global systems would attain a safe transition. Millennium Development Goals (MDGs) were finalised in the year 2000 and then a World Summit on Sustainable Development (WSSD) was undertaken in Johannesburg, South Africa in 2002, culminating in the Johannesburg Plan of Implementation (JPOI).

Notions of adopting a Green Economy started to arise a decade later and in 2012 a RIO +20 Summit was undertaken in Rio de

To page 32

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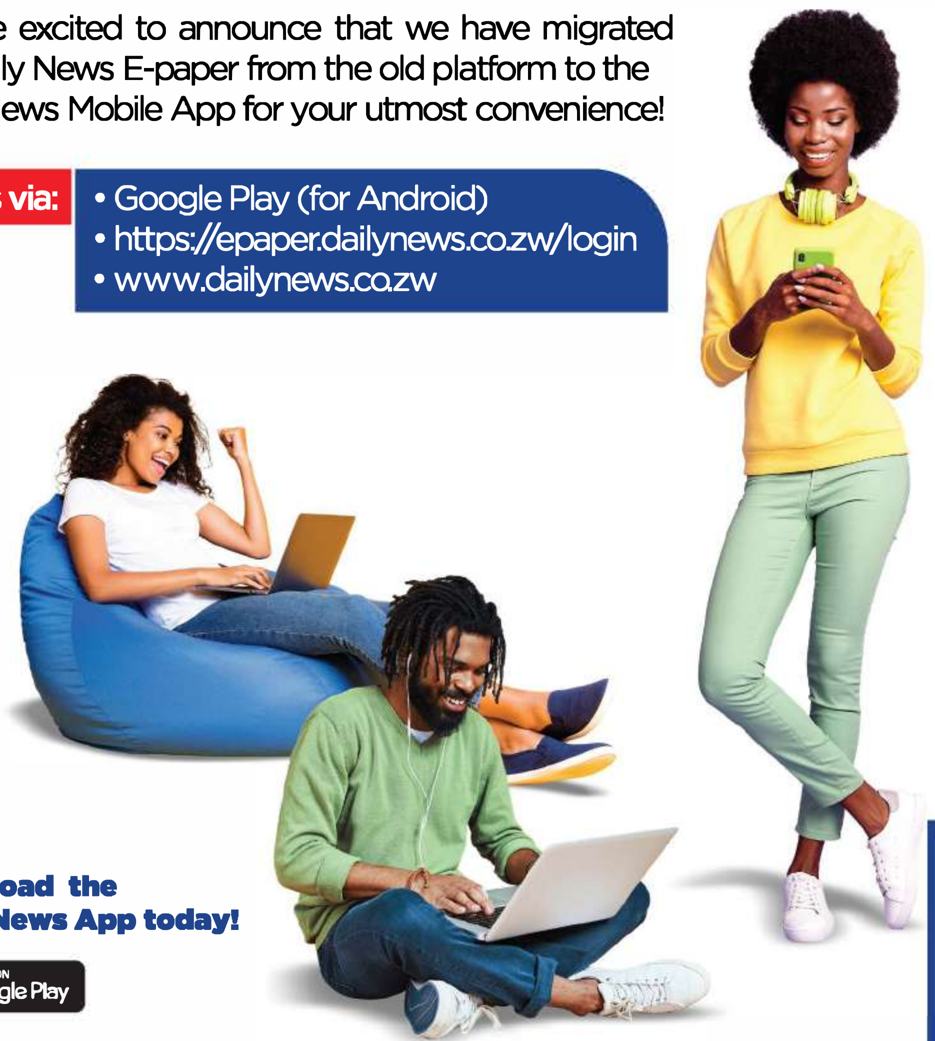

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From Page 30

Janeiro Brazil where it all started twenty years earlier. The political will and the escalation of sustainability reached a fever pitch level.

Furthermore, in 2015, world leaders finalised in Sustainable Development Goals (SDGs), also known as Agenda 2030. These served as a successor to the previous Millennium Development Goals (MDGs_ which had come to an end of tenure in 2015. In the same year 2015, the Paris Agreement was signed in France to try and escalate climate action.

As we reflect on the history of sustainable development, there were new developments that occurred from a policy and legal perspective. More countries started to regulate ESG issues and prosecution, fines and closures became possible realities.

Taking us a little bit back in the timeline, the Global Reporting Initiative (GRI) was formed in 1997 still under the banner of the Coalition for Environmentally Responsible Economies (CERES). GRI later moved to Amsterdam Netherlands, and today is the organisation with the most advanced standards in ESG disclosure and reporting.

Many Stock Exchanges around the world started to demand ESG reporting for any organisations that wanted to list their counters and trade their shares.

In 2019, the Zimbabwe Stock Exchange released new listing rules - Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 which had coverage on sustainability. Section 399 – 404 was particularly focused on sustainability - including board responsibility, reporting standards, disclosure of sustainability information, and independent assurance. As a follow-up, the ZSE has made sustainability mandatory for all listed companies as of January 2024.

On the global stage, Europe released the European Sustainability Reporting Directive (ESRD), plunging more than 50000 corporates into panic mode across Europe, due to fear of lack of compliance. The implication for exporters is that they also have to meet some of the provisions to remain in the supply chain.

In 2023 the International Financial Reporting Standards (IFRS S1 and IFRS S2) were released, calling for sustainability disclosure and climate disclosure. In the banking sector, the Reserve Bank of Zimbabwe released the Climate Risk Guidelines and also has encouraged the adoption of the Sustainability Standards Certification Initiative (SSCI) in the banking sector.

What started as a voluntary initiative in many countries, is becoming a highly regulated terrain. Society no longer tolerates organisations that ignore the environment and have no consideration of social sustainability. Forward-looking companies are already mainstreaming sustainability into the strategy of the business and undertaking specific programmes to attain ESG.

Is ESG, the same as Corporate Social Responsibility?

Several organisations are confused about the real meaning of ESG and therefore end up misleading stakeholders. ESG is not only about making donations, drilling a single borehole, dishing out wheelbarrows, and paying alms. ESG is deliberate, strategic, and stakeholder-centred. ESG is more holistic than mere CSR acts of philanthropy and being a good corporate citizen. Organisations must develop ESG plans, and ESG Strategies and advance ESG reporting.

Any measures undertaken on ESG must be demand-driven and not forced on communities. Quintessentially, the highest quality of ESG is one that is long-term and sustainable in the long run. ESG should be driven by all stakeholders within the organisation including the top management.

Moving ESG beyond mere acts of being seen by the media and masquerading as champions of the environment must come to an end. The social capital that we have been given by society can come to an abrupt end if society senses that we are not sincere in our actions. Whilst companies should continue with acts of CSR, they should go beyond that and start building an ESG footprint. To achieve that; training and education across all the segments of the organization is an imperative.

What is the future of ESG?

The future of ESG is already with us and further demands are on their way. We shall see ESG being more regulated in various countries. Corporate leaders may face prosecution due to ESG breaches such as pollution releases of hazardous chemicals. Investors will not want to be associated with risk in their investments and they will dissociate with companies that ignore ESG. The organisation's reputation can be destroyed by poor ESG management including but not limited to issues such as child labour, sexual exploitation, abuse, and harassment.

Forced labour and modern slavery are becoming detested practices. Where we are going, organisations will be under more scrutiny and surveillance by key stakeholders. Communities and customers will speak louder than businesses. Gone are the days when large public relations budgets would silence stakeholders in the event of environmental and social crimes. With the advent of social media, ESG violations will become more exposed. Therefore, it is obstreperous for any organisation to procrastinate ESG. Harnessing ESG today will give companies more approval rating and a better chance to trade globally. Today is the time to take action and get on the ESG bandwagon. The train has already departed. What are you waning for? ■

Mangudya calls for new, contextual ESG approach

Staff Reporter

Mutapa Investment Fund chief executive John Mangudya has called for a nuanced approach to environmental, social, and governance (ESG) principles in Zimbabwe, particularly within the coal-dominated energy sector.

ESG aspects are emerging as core values of companies, major financial institutions, and shareholders around the world.

The ESG pillars are used by companies developing and framing business strategies and reporting on performance beyond financial measures to promote responsible and ethical practices.

ESG initiatives include a dedication to reducing carbon footprints, promoting renewable energy, empowering communities, fostering transparent governance practices, safeguarding natural resources, and championing diversity and inclusion among others.

Speaking at the 2024 Director of the Year Awards, Mangudya argued that while ESG is crucial for sustainable development, its application in contexts like Zimbabwe requires careful consideration.

The country's reliance on coal as a primary power source presents a unique challenge, as green finance options may be limited for coal-intensive projects.

"It's crucial to apply ESG in the Zimbabwean context. For instance, we're endowed with coal, a base power source. How do we incorporate ESG principles into such industries, knowing green finance might not readily fund them? We can't implement without context. Developed nations industrialised using coal, so where it's cheaper than alternatives, we must adapt ESG to fit," Mangudya said, in a speech read on his behalf by Mutapa's chief investment officer, Simbarashe Chinyemba.

He said Mutapa Investment Fund has established an ESG board committee to ensure its critical focus is instilled in its portfolio companies.

He said responsible business practices, from ethical sourcing to community engagement, are essential for building a resilient, inclusive Zimbabwean economy.

In recent years, ESG has become a critical factor for businesses, as stakeholders, including investors, customers, and employees, demand greater transparency and accountability regarding a company's impact on the environment and society.

Companies listed on the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange have been required to report on sustainability issues as part of their financial disclosures since January 2024. ■


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