



# IIA SA Border Kei & Gqeberha 11th Annual Regional Conference

Theme: Auditing Tomorrow from Insight to Impact

3 - 4 November 2025  
Boardwalk Hotel and Casino, Gqeberha

## An ESG Practitioner's Perspective on Governance, Risk & Assurance

Avhurengwi Nengovhela, Sustainability Practitioner

# CONTENTS

3 The Guardian's Awakening

7 ESG Fundamentals

12 When Guardians Fail

16 Embedding ESG Excellence

22 The Guardians Mandate





# The Guardian's Awakening



# When ESG Moves From Theory To Reality – Nov. '19



**ZAR30mil**

The money spent in 28 Days

**1,119**

Population size of the town

**600m**

Distance away from local primary school

# I Consider Myself an ESG Translator

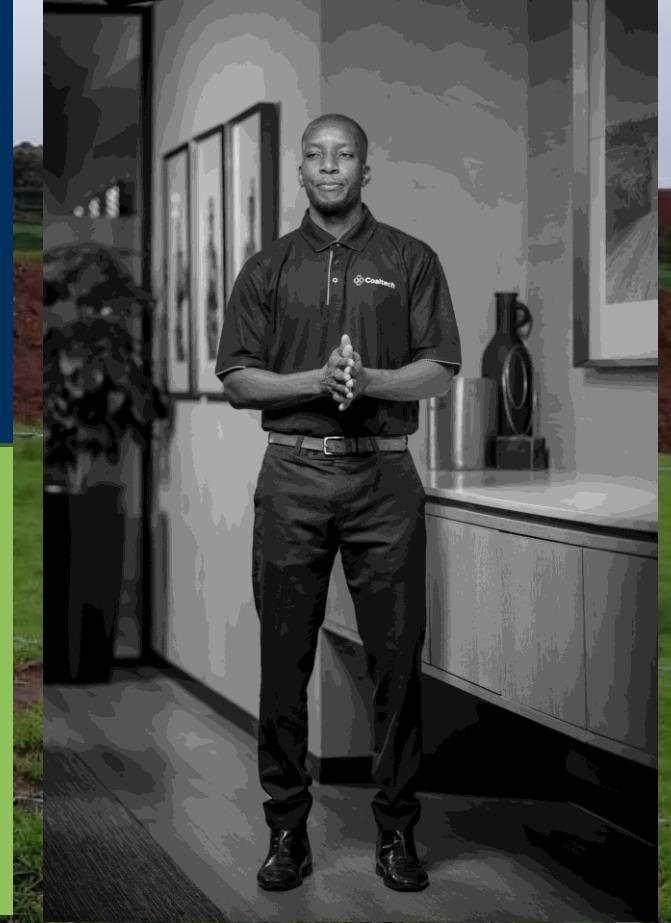


What I  
am

What I am  
**NOT**

- 🔨 A mining and sustainability practitioner for **20+ years**
- ☢ Risk practitioner – technical, environmental and social
- 🏛 Ex-Head of Sustainability for an **LSE listed company** and Senior Sustainability Strategy Manager at **Deloitte Consulting**

- 📋 I am **not** an Auditor
- 🖨 I am not here to sell you ESG consulting
- 👤 I am not here to lecture you on how to audit



# Why This Conversation Matters in SA



**"South Africa leads globally in integrated reporting and governance. But we're missing one piece: **Systematic ESG Assurance**"**

## Challenges

- Energy crisis
- Environmental & Social
- Water scarcity - Environmental
- Inequality & unemployment - Social
- State capture & corruption - Governance

## Imperatives

- JSE Sustainability Disclosure Guidance (2022)
- IFRS S1 & S2 adoption (2024)
- Just energy transition commitments
- King V governance framework (2025)

## The Stakes

- International investment depends on ESG credibility
- Access to green finance requires transparent reporting
- Social license to operate increasingly fragile



# ESG Fundamentals





## Where Did ESG Begin? Let's Rewind to 2004.

Before ESG became a boardroom buzzword, the United Nations was already connecting finance, ethics, and sustainability.



In 2004, the UN Global Compact released the landmark report 'Who Cares Wins – Connecting Financial Markets to a Changing World.' It was here that the concept of **Environmental, Social, and Governance (ESG)** was formally introduced to global markets.

**Environmental**

**Social**

**Governance (ESG)**

was formally introduced to global markets.

## ESG has Evolved from feel-good CSR to Business-Critical.

**From voluntary reporting to the language investors, lenders, and regulators speak.**

**2004**

UN Global Compact - "Who Cares Wins" report coins ESG

**2015**

Paris Agreement + UN SDGs bring planetary accountability

**2020-2023**

ESG investing growth globally

**2024**

IFRS S1 & S2 make sustainability reporting mainstream

**2025**

Mandatory assurance requirements accelerate

# What ESG Really Means



## Environmental

- Climate & Decarbonization
- Circular Economy
- Sustainable Finance
- Sustainable Supply Chain
- ESG Reporting
- Waste & water management
- Energy management



## Social

- Diversity, Equity, & Inclusion
- Social Impact/Community Support & Involvement
- Community Relations
- Employee Opportunity & Development
- Workforce Transformation
- Labour rights & safety



## Governance

- Risk Oversight
- Ethical Conduct
- Fiduciary Responsibility
- Reporting Transparency
- Corporate Governance & Board Composition
- Leadership & Board Accountability

ESG is a framework used to evaluate a company's **sustainability** and **ethical impact**

# ESG Risks (SA) in 2025 (WEF)



This remains the top-ranked risk over the long term.



The WEF identified this as the top risk for South Africa

Corruption, illicit economic activity, and a weak rule of law

The threat of cyber-attacks, including **ransomware**, is a growing concern for businesses, with the **local insurance** market seeing a significant number of claims

# Why we should be thinking about ESG Risks and Opportunities

Very few companies pursue ESG  
with systematic assurance  
**(catastrophic gap)**



Competitiveness  
and Resilience



Capital



Risk  
Management

Driving  
Strategic  
Change and  
Operational  
Improvement

Attracting  
Capital and  
Enhancing  
Long-Term  
Value

Mitigating Risks  
and Maintaining  
Social License to  
Operate

Your role isn't to question whether **ESG creates value**. It's to verify that companies actually deliver what they claim. Because unverified ESG isn't strategy, it's just storytelling.



# When Guardians Fail



showmax ORIGINAL

# STEINHEIL



Volkswagen intentionally used illegal "defeat device" software to make millions of its diesel cars cheat on emissions tests, allowing them to pollute far more in the real world than in the lab.



**11 million:**



The number of vehicles worldwide fitted with the illegal "defeat device" software



The factor by which some cars exceeded the legal U.S. limit for nitrogen oxide (NOx) pollution during real-world driving

**40:**



**\$33 billion:**

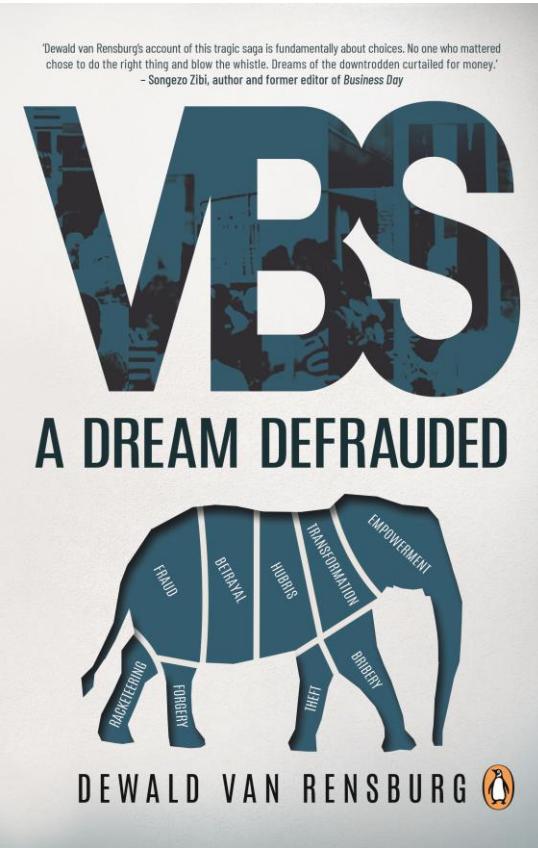
Total cost of the scandal to Volkswagen in fines, settlements, and buyback programs



**7 years:**

The U.S. prison sentence given to VW executive Oliver Schmidt for his role in the conspiracy

# The Great Bank Heist, Mar '18



## Social Impact

The collapse had a devastating **social impact**, primarily on **vulnerable, poor, and rural communities** in Limpopo. Elderly individuals and pensioners lost their life savings, while **stokvels** and burial societies **disintegrated**, leaving families unable to afford funerals

Amount Looted  
**ZAR2 Billion**

## Governance Failure

“The bank's governance structure completely **collapsed**, as the board, executives, and auditors abandoned their duties to actively participate in, facilitate, and **conceal** the **systemic looting**.”

# The Brazil Dam Disaster, Jan '19



- 12 million m<sup>3</sup> of toxic tailings released
- 297 hectares of Atlantic Forest destroyed
- 415 km of river contamination



- 131 Vale employees died
- Community proximity ignored in risk assessments
- Social license eroding but unreported

- 16 individuals charged including former CEO
- Rewarded cost-cutting and production over safety investment

**270**

total number of people who lost their lives

**\$7 Billion**

settlement with Brazilian authorities (2021)

**\$32 Billion**

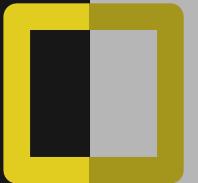
estimated 20-year cost including all compensation, cleanup, and legal settlements

**September 2018**

TÜV Süd certifies dam as "STABLE"



# Embedding ESG Excellence





# Isolated ESG action plans don't work.

The principles of ESG need to be integrated at every level of an organization from mission and vision, to values, strategy and planning.



# ESG & Business Strategy Integration



*Is the ESG strategy integrated (not just claimed)?*

*Are ESG metrics linked to business decisions?*

*Does ESG governance have real authority?*

**An ESG strategy needs to integrate into the core business strategy**

# What Keeps ESG Practitioners Up at Night



## The Materiality Shuffle



## The Data Theatre

Perfectly documented process, completely dishonest outcome.

We measure what's easy to measure, not what matters.

## The Engagement Charade



## The Governance Theatre

How do you audit whether communities have real voices or just photo opportunities?

How do you audit board ESG competency, not just ESG committee existence?



## Human Capital

- Zero harm achieved
- 100% staff upskilled
- Inclusive leadership growth



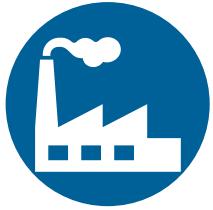
## Environment

- Reduced CO<sub>2</sub> intensity
- Optimised water use
- Zero waste to landfill



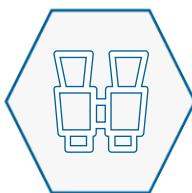
## Shared Value

- Strong stakeholder trust
- Local supplier development
- Community impact delivered



## Output

- Efficient asset utilization
- Cost per ton reduced
- Energy performance improved



*Our strategic direction for the future underscores a **people-centric focus, environmental stewardship, shared value partnerships, reliable and technology-driven production, a sustainable and resilient supply chain, innovative approaches to growth, and transparent communication of our sustainability journey.***

# How to Make ESG Auditable



A

## Auditable Materiality

- Document who participated, who disagreed, what was excluded and why
- Create audit trail for every materiality decision

B

## Verifiable Data

- Use same data quality standards as financial reporting
- Document data sources, calculations, assumptions

C

## Testable Governance

- Clearly define ESG roles, responsibilities, authorities
- Link ESG performance to compensation

D

## Authentic Stakeholder Engagement

- Document stakeholder concerns
- Show how stakeholder input influenced decisions



# The Guardians Mandate





# What **ESG** Practitioners Should Ask Their **Auditors**

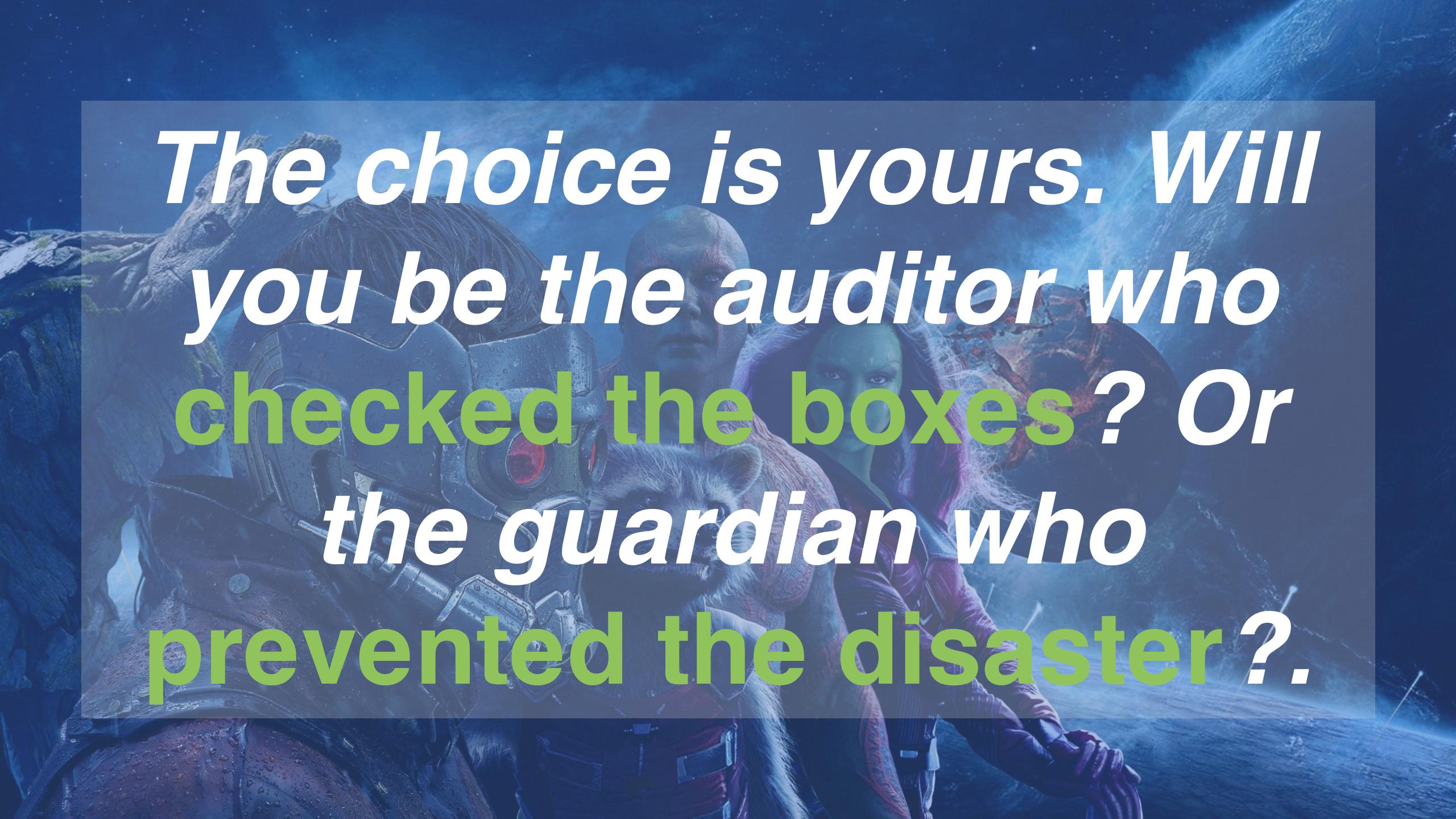
**Audit My  
Materiality  
Process, Not  
Just My  
Metrics**



**Challenge  
My  
Stakeholder  
Engagement  
Claims**



**Test My ESG  
Data Like  
You Test  
Financial  
Data**

A promotional image for the movie Guardians of the Galaxy. It features the five main characters: Star-Lord (Peter Quill) in the foreground, Rocket Raccoon, Groot, Gamora, and Drax the Destroyer in the background. They are standing on a rocky, alien landscape with a large, rocky mountain in the background under a dark, star-filled sky.

*The choice is yours. Will  
you be the auditor who  
checked the boxes? Or  
the guardian who  
prevented the disaster?.*



# Avhurengwi Nengovhela

## Sustainability Professional

<https://www.linkedin.com/in/avhu/>

[www.vhathucentric.com](http://www.vhathucentric.com)

+27 (0) 82 082 0873





# One more thing...

# Where Are They Now?



- VW paid over €32 billion in fines and settlements.
- The company redirected its focus toward EVs.
- Oliver Schmidt: Senior Manager at VW, was sentenced to 7 years in a US prison. As of March 2022, he was employed at an auto parts manufacturing company.



Brazil



South Africa

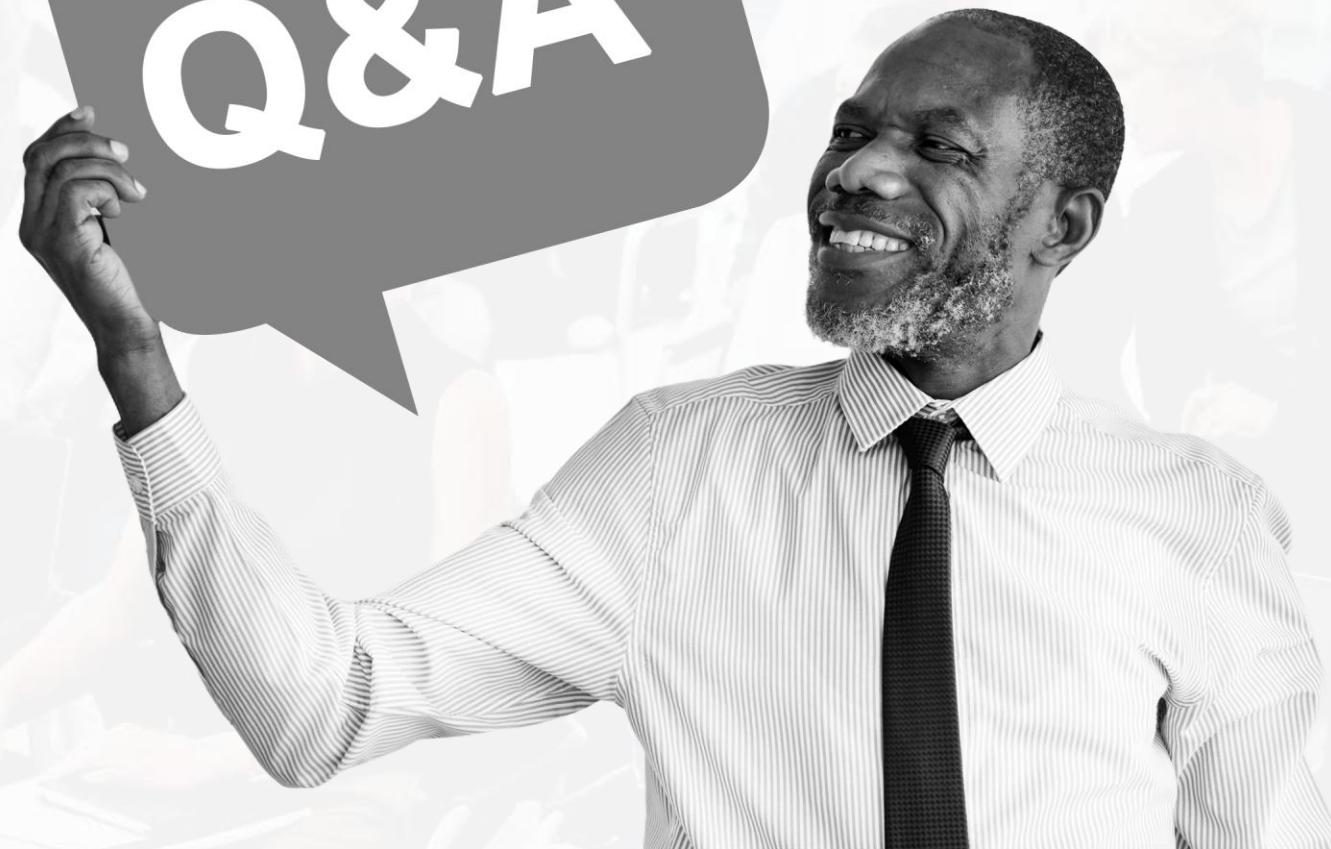
- As of late 2025, the owner of the Brumadinho dam, Vale, faces criminal charges.
- The company reached a \$7 billion settlement with Brazilian authorities for reparations.
- Extensive environmental damage continues to affect the Paraopeba River ecosystem and local communities, threatening drinking water and livelihoods.

- Some VBS depositors received partial payments while others lost their savings.
- Criminal trials related to the scandal continue.
- Former chair, Tshifhiwa Matodzi received a 15-year prison sentence.
- The bank is currently in final liquidation, with legal actions underway to recover remaining funds.

# QUESTIONS & ANSWERS



Q&A





# THANK YOU FOR ATTENDING