



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



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South Africa
Border Kei Region



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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



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

What I am
NOT



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



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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.

UN GLOBAL COMPACT



WHO CARES WINS

CONNECTING FINANCIAL MARKETS
TO A CHANGING WORLD



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.

1. Extreme weather events



2. Pollution



3. Unemployment



4. Water-supply shortage



5. Misinformation and disinformation



6. Cybercrime



10. Societal polarization and inequality



9. Energy supply shortage



8. Geopolitical and economic fragmentation



7. State fragility and governance failure



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



World Economic Forum. (2025). The global risks report 2025 (20th ed.). Insight Report.
<https://www.weforum.org/publications/global-risks-report-2025>

Why we should be thinking about **ESG** Risks and Opportunities

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



**Competitiveness
and Resilience**

Driving
Strategic
Change and
Operational
Improvement



Capital

Attracting
Capital and
Enhancing
Long-Term
Value



**Risk
Management**

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
STEIN HEIST


VW Dieselgate Scandal, Sep '15

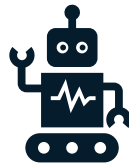


Volkswagen intentionally used **illegal** "**defeat device**" software to make millions of its diesel cars **cheat on emissions** tests, allowing them to **pollute** far more in the real world than in the lab.



11 million:

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



40:
The factor by which some cars exceeded the legal U.S. limit for nitrogen oxide (NOx) pollution during real-world driving



\$33billion:
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



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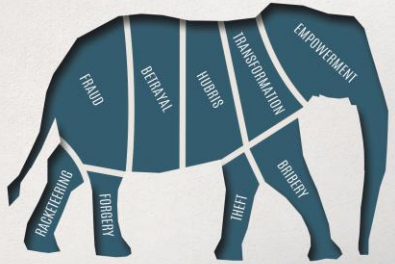
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The Great Bank Heist, Mar '18



'Dewald van Rensburg's account of this tragic saga is fundamentally about choices. No one who mattered chose to do the right thing and blow the whistle. Dreams of the downtrodden curtailed for money.'
- Songezo Zibi, author and former editor of Business Day

VBS A DREAM DEFRAUDED



DEWALD VAN RENSBURG 

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**.”



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The Brazil Dam Disaster, Jan '19



- 12 million m³ 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

The Guardian

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"



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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



Verify

Is the ESG strategy integrated (not just claimed)?



Test

Are ESG metrics linked to business decisions?



Assess

Does ESG governance have real authority?

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



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What Keeps ESG Practitioners Up at Night



The Materiality Shuffle



Perfectly documented process,
completely dishonest outcome.

The Data Theatre

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

The Engagement Charade



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

The Governance Theatre

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

Integrating ESG Strategy in Practice



Human Capital

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



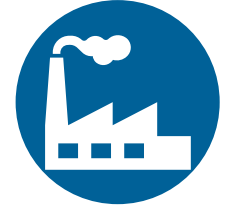
Environment

- Reduced CO₂ intensity
- Optimised water use
- Zero waste to landfill



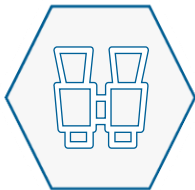
Shared Value

- 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.*



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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**

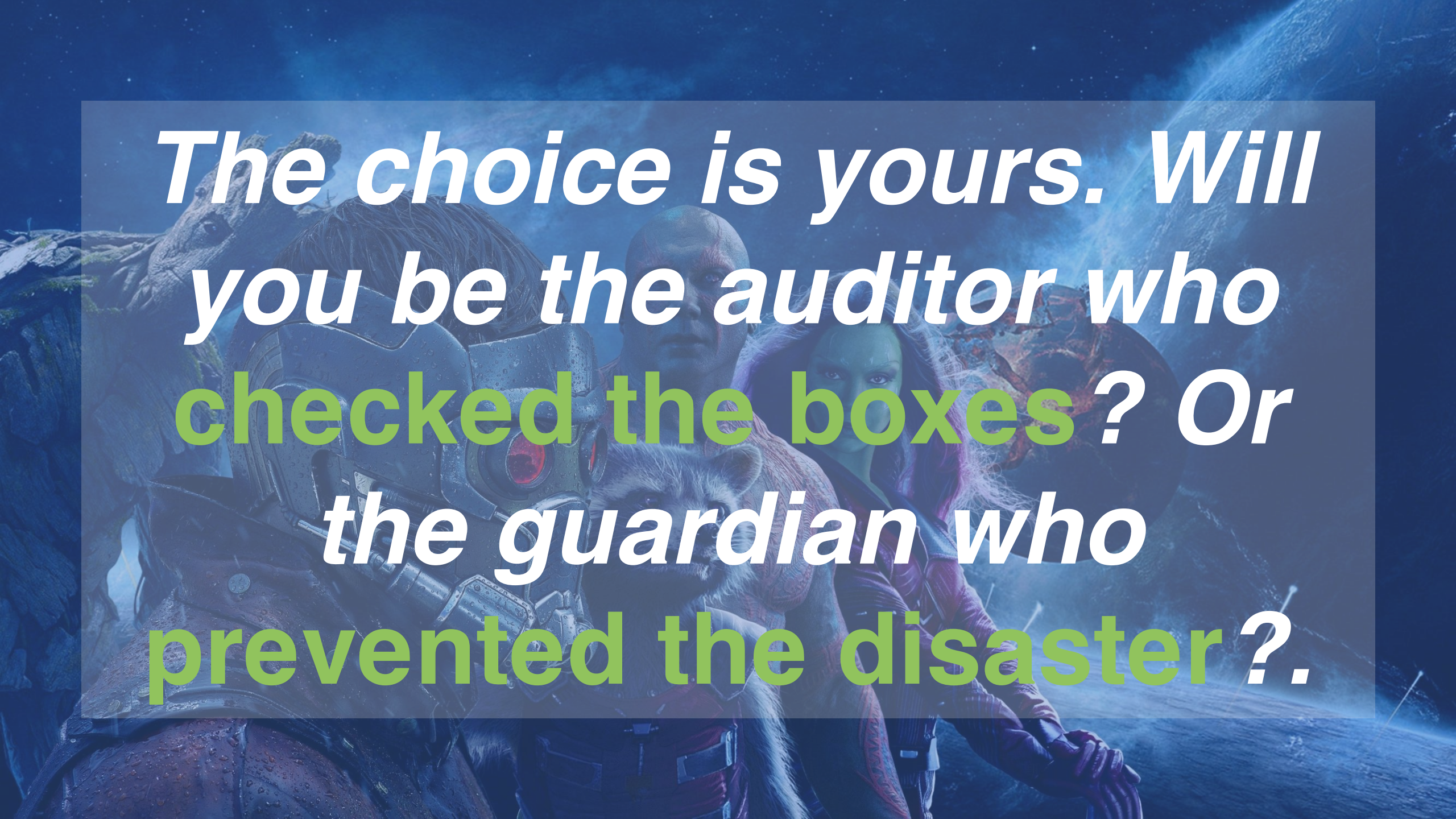
**Audit My
Materiality
Process, Not
Just My
Metrics**



**Challenge
My
Stakeholder
Engagement
Claims**



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

A cinematic still from Star Wars: The Force Awakens featuring Finn, Rey, Chewbacca, and Porgs in a blue-tinted space environment. The text is overlaid on this image.

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



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One more thing...



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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.



- 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



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