

Environmental, Social and Governance Strategies Should Be Central to African Mineral Value Chains

Souleymane Traoré,

Chief Executive Officer,

Compagnie des Bauxites de Guinée (CBG), Conakry, Guinea

Corresponding author: Souleymane.traore@cgb-guinee.com

Extended Abstract

There is a global shift towards increased focus on Environmental, Social and Governance (ESG) business strategies across all industries, and the developing world must ensure it is not left behind on this important trend. The mining sector has an even greater responsibility to develop new, sustainable practices to minimize and mitigate its impact on the environment, transform the lives of the people in the areas surrounding operations and respect fundamental human rights.

Across Africa, mining and related infrastructure is a major contributor to the continent's economic earning potential. It has been estimated that the value of related projects in Africa will amount to at least USD 50.87 billion by 2030, but what will be key to sustaining such an empire will be environmental protection, sustainable business practices, community development and protective policy frameworks.

Despite the continent's mineral wealth, the mining industry (and its local and international stakeholders) must implement renewable, forward-thinking processes to maintain operational growth for as long as possible – without affecting surrounding areas and their communities.

As one of the largest producers of bauxite ore in the world, CBG has become a central part of the Guinean economy through government partnerships and an almost 50-year presence in the country.

Guinea has the world's largest reserves of bauxite, estimated at over 40 billion tonnes that allow the country to supply all major world markets. However, despite this resource richness, Guinea and its 12 million people remain very poor, with GDP per capita of just USD962, according to the World Bank.

CBG and its leadership have seen first-hand the importance of the private sector in not just growing the economy, but aiming for true sustainability through infrastructure development, community uplift, skills transfer, job creation and environmental protection initiatives. While CBG recognizes the inherent value of African mineral value chains, they can only be sustainably developed – and profitable in the long-term – through the principles espoused in ESG strategies. For many decades the company has been a primary contributor to Guinea's national economy, generating over USD 5.2 billion directly to the government of Guinea's revenue. Through its increased ESG focus and its local presence has given birth to two of Guinea's top 10 cities (Sangarédi and Kamsar).

Throughout its tenure in Guinea, CBG's business has always viewed its communities as a primary stakeholder in the business, with a desire to create jobs and upskill local Guineans to avoid a reliance on international labor and build thriving communities. Currently, CBG directly employs over 2000 people, 90 % of whom are of Guinean descent. However, it is the indirect job creation that forms the center of the company's community development strategy.

Recent data from Guinea's Private Investment Agency (APIP) suggests that over 90 % of the country's economic enterprises are in the informal sector, and this trend should ideally be reversed. Through a program that enables and supports the development of small businesses, CBG

has offered interest-free loans and training programs that have created some 3000 direct jobs in the Boké region – some of whom have been contracted to assist in CBG operations.

While most Corporate Social Investment (CSI) work tends to focus on economic development, in the developing world, it is sometimes forgotten that improved, globally competitive infrastructure is sorely needed. CBG has invested over USD 60 million in the last decades in varied infrastructure and basic social services, including a focus on educational and medical development. These have included schools, clinics, and improved water services.

More recently, the company has devised and implemented a more comprehensive CSI program that allows for the annual investment of USD 2.5 million, with special attention on creating income-generating activities for our communities. An innovative dimension in this new initiative is that CBG has sought for these interventions to outlast its operations by investing in areas chosen by the beneficiaries because they have been exercising the activities for generations. This process of co-creation ensures they are capacitated to take full ownership of the initiatives, and with additional expertise and technical assistance provided by CBG, the communities are able to become self-reliant, resilient and sustainable in the long term, which is the ultimate goal of the company.

While many people are skeptical of mining operators – especially those working with governments – initiating and maintaining high levels of trust is the only way to bring them on board for such important work. These initiatives require direct buy-in from the people who will be affected; hence meaningful community consultation is of the utmost importance.

Beyond the human elements of a sustainable business, one cannot ignore the environmental impact of the mining industry, especially in Africa, where protective legislation is underdeveloped or difficult to enforce. Guinea's mining legislation has been transformed in the last 15 years, the most significant of which is the National Action Plan for the Environment and a revised mining code. The code demands full compliance in protecting the environment, and all mining operators requesting exploitation permits must include environmental and social impact assessments to ensure a mitigation of environmental damage. CBG's own commitment has been to rehabilitate the areas in which it mines and has already managed to restore an area of 2000 hectares with an aim to increase this to 3000 and continue this rehabilitation throughout its existence in Guinea. The company has also committed to driving responsible environmental stewardship through the preservation of local resources and biodiversity, also addressing any historical impacts on water resources or air quality through thorough monitoring.

The governance aspect of ESG also means that industry players need to re-evaluate their own policies in light of government legislation, and hold themselves accountable to ensure that environmental stewardship and community development remain at the forefront of their businesses. Global mining leadership must be underpinned by responsible practices and alignment to international best practice and that is why CBG has sought guidance from various international and national bodies to evaluate its contributions to Guinea. Becoming a signatory to the International Finance Corporation's environmental and social standards, the Aluminium Stewardship Initiative and of course, the United Nations Guiding Principles on Business and Human Rights (UNGPs), CBG believes it is vital that a global standard is set for a responsible, sustainable mining sector.

Protecting lives and livelihoods is a multi-faceted consideration for the mining industry, but CBG has always had a core focus on innovation, preservation and a central belief that while mineral resources are finite, communities and their surrounding environments should prosper forever.

Keywords: Environmental, Social and Governance (ESG), Community development, Bauxite rehabilitation, Legislation, Sustainability, Enterprise development.