



Driving sustainable growth

Description

Embracing environmental, social and governance (ESG) principles enhances our company's corporate reputation, fosters trust from our stakeholders, and ensures that we remain resilient. AfroCentric Group PR intern Pontsho Lintoor explains more about how ESG drives sustainable growth.

The growing importance of ESG in the organisation has become a crucial element for achieving organisational value. Previously, organisations largely focussed on corporate social responsibility (CSR) initiatives to improve their communities and make a positive impact in the society. But ESG (environmental, social and governance), which arrived some 20 years ago, has helped organisations dive deeper into the arena of impact to go above and beyond social responsibility and extend their value to environmental, social and governance considerations.

What exactly is ESG?

It is a framework used to evaluate a company's performance in terms of its environmental impact, social responsibility, and governance practices. In essence, ESG is used as a measurement of how a company is contributing to building a more sustainable and ethical world. Most of the times, ESG is used for investment considerations.

Environmental

This component looks at how an organisation has managed its environmental impact. For instance, as AfroCentric we have committed to managing our water consumption. According to the AfroCentric 2024 Integrated Annual Report, our water consumption within our buildings reduced from 31 751kl in 2023 to 30 573kl in 2024. As you know, South Africa is a water scarce country, so taking measures to conserve this resource not only bodes well for business spending but also for the environment.

Social

This component looks at how an organisation has been able to foster its relationships with its stakeholders. This includes factors such as labour practices, diversity and inclusion, and corporate social investments (CSI). One of our core values is empowering our employees and their communities to transform lives. Based on 4 999 active permanent employees across entities (2023: 4 637), 69% are female, and 31% are male (2023: 71% female and 29% male). This demonstrates our commitment to diversity.

AfroCentric is also involved in supporting communities through our CSI initiatives. This includes investments in bursaries for students from previously disadvantaged groups. We have invested millions into these bursaries since inception eight years ago.

The social component is not a once-off exercise. We intentionally align the business to sustainable projects that yield long-term benefits to society. Some students from our programme have graduated cum laude and are doing their internships at public hospitals across the country.

We also partner with civil society and government to conduct health screenings for communicable diseases such as HIV, TB and STIs, ensuring South Africans get access to healthcare support. As the mandate to universal health coverage unfolds globally, AfroCentric is playing its part in enabling access to healthcare for all as part of our ethos and our social responsibility.

Governance

This component relates to how an organisation is being led. It focuses on the management structure and corporate governance practices. This includes factors such as board composition, and risk management guided by a set of principles outlined in the King IV report. The latter is a guideline of corporate governance developed by the King Commission, outlining the philosophy, principles, and practices that organisations should follow to ensure ethical and effective leadership. The guidelines have a strong focus on creating value for stakeholders while maintaining an organisation's good reputation.

When a company takes these factors into consideration, external stakeholders will be able to decide how and where to invest their support.

Why is ESG important?

Investors often contribute to companies that have a good reputation. But having a good image and reputation does not necessarily mean you have contributed positively to the environment. Investors also want to back organisations that have an overall positive impact on society. This means the impact that an organisation has in its ecosystem is an important factor to consider by investors and stakeholders such as shareholders, community, employees, service providers and so on.

There is solid evidence that companies with strong ESG practices often last longer and perform better than their peers in the long run. Companies that are ESG focused are often recognised for this and

have a growing investor demand.

The role of ESG in organisational sustainability

Sustainability is a key factor in an organisation's longevity and societal impact. It is the core foundation to achieving successful ESG objectives. Sustainability as a foundational component ensures that organisations can meet the current needs of various stakeholders without compromising the future.

It is underpinned by 17 UN Sustainable Development goals that aim to end poverty, protect the planet, and ensure prosperity for all people. ESG therefore becomes a framework in which an organisation can play their roles in transforming communities, employees and the environment for generations to come.

As employees it is equally important to know and understand what ESG is and how we can each play a role in contributing to its objectives and goals. ESG is not only imperative for executive leadership but for every employee at any level. It is in the way we live company culture, how we consume resources (for example saving documents digitally as opposed to printing), recycling, reporting fraud, waste and abuse, supporting CSI initiatives and so forth. Employee contribution to ESG is equally important in building a sustainable organisation.

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Category

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