

Natural Resources Forum ESG Week 2021

Panel 6.2: Governance challenges faced by NEDs in the Natural Resources Sector

Panellists:

Moderator: Charlie Jack, Partner and Head of Natural Resources, Hudson Sandler

- Yulia Chekunaeva, Director for Capital Markets and Strategic Initiatives, En+ Group, Director, Clean Growth Leadership Network and INED, Nordgold plc
- Michael Rawlinson, Chairman of Adriatic Metals plc and SID at Hochschild Mining plc
- Rupert Krefting, Head of Corporate Finance and Stewardship, M&G Investments

During this session, a panel of experts working in the natural resources sector explored the unique difficulties facing Non-Executive Directors (NEDs) in navigating and advising on ESG policies and strategies, compliance and H&S.

The panellists emphasised the importance of understanding where the company sits amongst its peers on reporting matters, setting robust standards as well as stretching targets, and tracking progress towards it. The panel agreed that executive remuneration should be strongly tied to ESG metrics and KPIs to ensure they're being implemented both in the short and long term.

Challenges

Moderator Charlie Jack of Hudson Sandler opened the discussion by leading with questions on the role of the NED in shaping the broad ESG strategies that companies adopt, dealing with how to utilise robust ESG frameworks to narrow any perception-induced discount and the challenges in navigating political developments in countries of operation.

Yulia Chekunaeva of En+ Group, INED of Nordgold and Director of the Clean Growth Leadership Network, emphasised the responsibilities of the NED in being aware of fiscal risks and changes linked to a challenging political landscape and that whilst there's only so much a board can do when faced with political risk, the best responses are when the company adheres to best standard and keep stakeholders engaged.

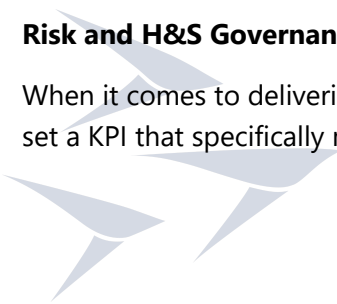
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Rupert Krefting of M&G Investments outlined the importance for investors to quiz management on all the governance behind decision making and to ensure that, despite country laws lagging behind in many places, investor expectations are met in terms of responsibility being taken for any actions.

Michael Rawlinson of Adriatic Metals and Hochschild Mining added that, in a culture of compliance, the key is to invest in people and empower employees at all levels to speak up if something isn't right; if whistleblowing isn't up front and centre of H&S, how can the board determine its importance to the management team? The optics present the culture.

Risk and H&S Governance

When it comes to delivering on metrics, Yulia Chekunaeva explained her belief that, unless you set a KPI that specifically measures a certain deliverable, as with zero harm workplaces in the



resources sector, then the person will not be delivering on it. Focus will be on the publicly discussed KPIs and those should not only be profits - Yulia maintained that it is not enough to produce decent profits, you must produce decent profits decently.

Opening the floor to Q&A, the panel discussed some engaging questions from the audience, covering topics such as the role of the NED with the issue of a lack of diversity and whether miners should strive to have more environmental experts on their boards.

Compiled by Hudson Sandler

