THE GHANA BUSINESS SUSTAINABILITY REPORT

Q2 2023 EDITION

SUSTINERI ATTORNEYS

CORPORATE . TRANSACTIONS . DISPUTES . TAX

A Quarterly Sustainability Report

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Dear Readers,

We are pleased to bring you the 2nd Edition of the Ghana Business Sustainability Report. As we continue to navigate the ever-changing landscape of global business, it is our belief that it has become imperative to devote our efforts towards fostering sustainable practices that not only drive economic growth but also safeguard the environment and support societal well-being.

In this edition, we set our focus on several critical aspects that are pivotal to achieving a more sustainable business ecosystem in Ghana. First and foremost, we delved into the existing regulations surrounding forestry and its related matters. Our exploration of this subject aims to shed light on the current regulatory frameworks for the protection of our forests and the promotion of responsible use of forest resources.

Also, we recognize the growing importance of Environmental, Social, and Governance (ESG) factors in today's business landscape, and through this report, we seek to foster a deeper understanding of ESG principles and highlight the transformative potential they possess in creating long-term value for businesses while positively impacting society and the environment.

In furtherance of the role of early-stage startups in shaping the future of business in Ghana, we provided an insightful perspective on corporate governance in these startups, recognizing their unique challenges and opportunities in embedding sustainability into their DNA from the outset.

As part of our industry spotlight feature, we proudly showcase a remarkable Ghanaian waste management company, Zoomlion. Through an inspiring collaboration with a global company, Zoomlion has exemplified its commitment to innovation by agreeing to convert its waste trucks into electric vehicles.

We firmly believe that this report will serve as an invaluable resource for businesses, policymakers, and individuals alike, fostering a shared commitment to sustainability in Ghana.

I extend my heartfelt appreciation to all contributors who have worked tirelessly to bring this report to fruition.

Together, let us embrace sustainability as a guiding principle in our business endeavors, forging a path toward a more prosperous and resilient future for Ghana.

Richard Nunekpeku
Managing Partner

PUBLISHERS –
SUSTINERI ATTORNEYS PRUC

We are Ghana's foremost Fintech and Start-up focused law firm, committed to providing differentiated legal services by leveraging our experience as proven entrepreneurs, business managers, and business lawyers which allows us to think and act like the entrepreneurs, business owners, and managers we work with at all times.

As a team of young legal practitioners, SUSTINERI ATTORNEYS PRUC takes pride in acting with integrity, avoiding conflicts, and working with clients to design innovative legal solutions that meet their specific needs.

At SUSTINERI ATTORNEYS PRUC, we consider every client's brief as an opportunity to use our sound understanding of Ghana's business, commercial and legal environment, professional experience, and sound commercial knowledge to provide solutions that do not only address immediate legal needs but also anticipate future challenges and opportunities.

Our pride as the foremost Fintech and Start-up focused law firm stems not only from our understanding of the potentials of emerging technologies and our belief in the ideas of many young people but also from the difference our network of resources and experience can make when working closely with founders and entrepreneurs. To this end, we operate a 24-hour policy urging our clients to reach out to us at any time and on any issue.

We strive for excellence, ensuring that our solutions provide sustainable paths for our clients' businesses by adopting a common-sense and practical approach in our value-added legal service delivery – and employing our problem-solving skills.

Our goal is to help businesses to become commercially sound and viable, as well as regulatory compliant, by engaging in legal and beneficial transactions to promote their business competitiveness for sustained operations and investments.

And as our name implies, our priority is to always leverage legal means to promote the sustainability (long-term viability) of our clients' businesses.

We are different, and the preferred partner for growth.

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REVIEW OF REGULATIONS ON FORESTRY AND RELATED MATTERS IN GHANA

Throughout Ghana's history, there have been various tree tenure legislation and policies that have shaped the management and utilization of forest resources. These policies, influenced by customary norms, as well as land and forestry-related laws, acts, and policies, play a crucial role in determining how forests are governed.

The legal and policy frameworks, in general, prioritize the authority of the state in managing and deriving economic benefits from forest resources. This approach is justified through a purposive interpretation of the 1992 Constitution.

These frameworks also aim to address the competing demands for land and forests between farmers and loggers, while recognizing the limited rights of traditional authorities.

Collectively, these measures seek to strike a balance and provide a rational approach to the sustainable utilization of Ghana's forest resources.

LEGISLATION AND POLICIES

1992 Constitution

Chapter 21 of the 1992 Constitution prescribes the legal framework for the ownership of land and natural resources in Ghana.

Article 257 (1) stipulates that all public lands are to be vested in the President on behalf of, and in trust for, the people of Ghana. Further, Article 267 (1) also provides that all stool lands shall be vested in the appropriate stool on behalf of, and in trust for the subjects of the stool in accordance with customary law and usage.

Article 268(1) vests in Parliament the responsibility to ratify any agreement that involves granting rights to or concessions for the exploitation of minerals and natural resources. Article 268 (2) also gives Parliament the authority to exempt a class of transactions from the provisions in Article 268 (1) and to delegate the authority to the relevant state bodies.

Section 269 provides for the establishment, composition, and functions of the present Forestry Commission and gives the President control over all mineral resources of Ghana, to be exercised on behalf of the people as a whole, amongst other important provisions.

Forestry Commission Act, 1999 (Act 571) as amended by the Timber Resources Management (Amendment) Act, 2002 (Act 617)

The purpose of Act 571 is to re-establish the Forestry Commission and to bring under the Commission, the main public bodies, and agencies responsible for the protection, development, management, and regulation of forests and wildlife resources.

It sets out the membership, divisions, and functions of the Commission as well as its administrative and financial regime.

Forest Ordinance of 1927 (Cap 157)

Cap 127 is the principal statute governing the constitution and management of forest reserves in Ghana. The legislation establishes provisions for the preservation of forests and the establishment and administration of forest reserves.

Under this Act, the President has the authority to designate areas as forest reserves through executive instruments. Such reserves may include government-owned lands, stool lands with the consent of the relevant authority, privately owned lands with the consent of the owner, and lands deemed necessary for safeguarding water supplies, promoting the well-being of forests and agricultural crops in the area, or ensuring a sustainable supply of forest produce to nearby villages.

The Act outlines the procedure for creating a forest reserve and lays down regulations concerning the rights and interests associated with the lands affected by the notice to establish a forest reserve.

Trees and Timber Act of 1974 (NRCD 273)

The Trees and Timber Act provides for property marks and export levies for trees and timber. It also contains a procedure for establishing protected areas.

These protected areas aim to protect standing trees outside of forest reserves by restricting farming and further providing penalties for those who illegally fell or damaged timber within these protected areas.

Trees and Timber (Amendment) Law of 1983 (PNDCL 70)

This Amendment imposes harsher penalties for violation of the Trees and Timber Act.

Trees and Timber Amendment Act of 1994 (Act 493)

This Amendment provides for the biannual renewal of property marks and the use of levies and other forest fees in timber trade regulation. Under this Act, government authorities have imposed levies on the export of logs and substantially increased the fee for the renewal of property marks.

Mining and Minerals Act of 2006 (Act 706)

Act 706 vests the ownership of all natural resources in land in the President in trust for the people of Ghana.

Forest Protection Act of 1974 (NRCD 243)

This Act attempts to protect the integrity of forest reserves by prohibiting virtually all activities therein if done without the written authorization of the Forestry Department. It also provides for the functions of forest officers and offences relating to forest reserves.

Forest Protection (Amendment) Act of 1986 (PNDCL 142)

It imposes harsher penalties for violation of the Forest Protection Act.

Forest Protection Amendment Act of 2002 (Act 624)

It amends the Forest Protection Decree of 1974 and provides hasher penalties for offences.

Control of Bush Fires Law of 1983 (PNDCL 46)

PNDCL 46 aims to regulate and prevent the occurrence of bushfires by making it a criminal offense to cause such fires intentionally, recklessly, or negligently. The law holds offenders accountable for all the outcomes and consequences resulting from the fire.

Concessions Act, 1962 (Act 124)

The Concessions Act vests the right to grant timber concessions and the management of all timber resources both on and off reserve in the central government. The Act was repealed by the Timber Resource Management Act of 1997, with the exception of Sections 1 and 6 exempting stool lands from most provisions of the Act, and Section 16, regarding forest reserves and timber concessions.

Timber Resources Management Act of 1997 (Act 547) as amended by the Timber Resources Management (Amendment) Act, 2002 (Act 617)

This Act regulates the grant of timber rights in a manner that seeks to secure the proper management and use of timber resources. The Act prohibits the cutting of timber without timber rights.

It provides for qualification and requirements for the grant of timber rights and the processes for the application of same.

It specifies land that is subject to timber rights. Thus, timber rights cannot be granted in respect of land with private forest plantation or land with timber grown or owned by an individual or group of three (3) individuals.

The Act aims to ensure that timber harvesting is consistent with the sustainable management and utilization of timber resources in Ghana. The Act makes it illegal for farmers off-reserve to harvest any naturally occurring trees for commercial or domestic purposes, even if it is growing on their land. Timber rights may be granted in respect of lands with farms or land that may be sold, but it should be with the written authorization of the owners.

It introduces Timber Utilization Contracts (TUCs) for timber harvesting and enhanced benefits for landowners and farmers for harvesting of trees on their land and provides for payment of royalties in respect of timber operations.

The Act also establishes a Timber Rights Evaluation Committee that considers applications for Timber Utilization Contracts.

Timber Resources Management Regulations, 1998 as amended by L.I 1697 (2002) and L.I 1721 (2003)

In compliance with section 30 of the Forestry Commission, 1999 (Act 571) as amended and section 18 of Act 547, these regulations have been made as supplemental to the two major legislations in terms of the grant of timber rights and timber utilization contracts.

Interim Measures for Controlling Illegal Harvesting Outside Forest Reserves of 1995

It introduces a new system for harvesting off-reserve timber that includes the farmer's rights to veto proposed harvesting and to receive compensation for crop damage.

These measures involved local community participation in monitoring and management and were meant to ensure that social responsibility, environmental and ecological issues were addressed in order to ensure the sustainability of wood supplies from off-reserve areas.

Economic Plant Protection Act, 1979 (A.F.R.C.D. 47)

It abolishes the grant of timber felling rights in farms having trees, such as cocoa, with economic value. The Act is an important example of under-implemented laws in Ghana that could be used to improve tree tenure security on cocoa farms.

Forest Plantation Development Fund Act of 2000 (Act 583) as amended by the Forest Plantation Development Fund (Amendment) Act 2002, (Act 623)

Act 583 establishes the Forest Development Fund to provide financial assistance for the development of forest plantations and for research and technical advice to persons in commercial forest plantations.

The Fund is managed by the Forest Plantation Development Fund Management Board, which is mandated to adopt a forest plantation development scheme and promote investment in forest plantation development through incentives and other benefits.

Timber Resource Management and Legality Licensing Regulations, 2017 (LI 2254)

This law regulates the grant of timber rights and related matters. It encompasses the identification of land suitable for the grant of timber rights, the terms and conditions for small and large-scale timber rights, other sources of timber, and the legality licensing scheme.

The law clears up some of the inconsistencies in the sector, bring old social and environmental standards up to date, and passed key reforms on public access/transparency to forestry-related information.

Ghana Forest and Wildlife Policy of 2012

The 2012 Ghana Forest and Wildlife Policy represents a significant departure from previous policies. It prioritizes the non-consumptive values of forests while striking a balance between timber production and satisfying domestic wood demands.

It covers the laws, institutions, systems, organizations, and individuals and how they interact for the conservation and sustainable development of forest and wildlife resources.

It also deals with the conservation of flora, fauna, and the provision of forest ecosystem services.

The Policy also recognizes the Ghana Shared Growth and Development Agenda and international guidelines and conventions which Ghana has ratified including the four global objectives on forests, non-legally binding instruments on all types of forests, and the Economic Community of West African States (ECOWAS) Forest Policy framework.

Among other things, the policy seeks to consolidate good governance through accountability and transparency and enhance the active participation of communities and landowners in resource management and address issues on tree tenure and benefit sharing. Support for participatory forestry is also more explicit in the 2012 Forest and Wildlife Policy.

Manuals of Procedure for Forest Resource Management Planning in the High Forest Zone of Ghana

The Manual of Procedures for Forest Resource Management Planning prescribes the important tasks to be carried out in order to adequately plan for forest resource management in the high forest zone in the interest of the nation and for the benefit of the resource owners.

2012 Tree Tenure and Benefit Sharing Policy

The 2012 Tree Tenure and Benefit Sharing Policy has made adequate provisions to deal with weaknesses identified and to ensure better collection and greater equity in the distribution of tree concession revenues, allocate tree tenure rights by law and, streamline the collection of stumpage fees and similar taxes and distribute them equitably by law.

2016 Tree Tenure and Benefit Sharing Framework and Legal Reform Proposals

The 2016 Tree Tenure and Benefit Sharing Framework in Ghana acknowledges tree tenure issues are a major cause of off-reserve tree loss, and that there is overwhelming support from farmers to reform tree tenure policy in their favor.

The framework recommends giving landowners full ownership of trees on their farms, and under many abunu arrangements gives abunu land users at least partial rights to the trees, thus enabling cocoa smallholders to enter into benefit-sharing arrangements based on the traditional/historical agricultural sharing system pertaining to their land.

The framework assigns bona fide rights to landowners for trees growing on fallow land/secondary forests but allows for the respect of the terms of pre-existing land agreements if/when they exist.

REGULATORY INSTITUTIONS RESPONSIBLE FOR THE MANAGEMENT OF FORESTRY RESOURCES

In order to effectively manage and safeguard forestry resources in Ghana, regulatory institutions have been established at the national, regional, and district levels.

The primary institution responsible for overseeing activities within the forestry sector is the Forestry Commission, which operates in conjunction with its allied departments - the Forest Services Division, Wildlife Division, and Timber Industry Development Division.

These institutions collectively play a pivotal role in regulating and supervising various aspects of the forestry sector to ensure sustainable resource management and protection.

The Ministry of Lands and Natural Resources (MLNR)

The Ministry of Lands and Natural Resources was established under Section 11 of the Civil Service Law, 1993 (PNDCL 327), and is mandated to ensure the sustainable management and utilization of the nation's lands, forests, and wildlife resources as well as the efficient management of the mineral resources for socio-economic growth and development.

The broad aim of the Ministry is to provide leadership and guidance in the management of the nation's natural resources through effective policy formulation, market regulation, and asset management.

The Forestry Commission

The Forestry Commission, a public service institution, was set up subject to Article 269 (1) of the 1992 Constitution. The Forestry Commission of Ghana is responsible for the regulation of utilization of forest and wildlife resources, the conservation and management of those resources, and the coordination of policies related to them.

The Forestry Commission was re-established under the Forestry Commission Act, 1999 (Act 571) in order to bring under the Commission, the main public bodies and agencies implementing the functions of protection, development, management and regulation of forests and wildlife resources and to provide for related matters.

These agencies currently form the divisions and departments of the Commission -
a) Forest Services Division
b) Timber Industry Development Division
c) Wildlife Division
d) Resource Management Support Center
e) Forestry Commission Training Center
f) Timber Validation Department
g) Climate Change Directorate

A. Forest Services Division (FSD)

The Forest Services Division (FSD) is responsible for calculating the annual allowable number of timbers to be cut. The Division also provides advice and technical services for the protection of forest and wildlife products.

FSD has the responsibility to ensure that the collection of non-timber forest products is in accordance with the guidelines agreed for each management zone and to stop excessive cutting or damage to forests. The Division has the right to warn, restrain or take legal action against anyone who infringes the forest laws and willfully damages the forest in this zone.

The Division is also in charge of reviewing the operations of timber utilization contract holders to determine whether there are enough grounds for the termination of a contract with a particular timber utilization contract holder.

B. Timber Industry Development Division (TIDD)

This Division focuses on the logging and wood processing sector. The TIDD's commitment is to ensure that Ghana maintains and increases its wood resources through sustainable management of its forest reserves, the establishment of industrial wood plantations, the development of a high bamboo industry, and commitment of forest-fringe communities to the protection and responsible use of their own forested lands.

C. Wildlife Division

This Division is responsible for all wildlife in Ghana and administers all wildlife-protected areas as well as the development and promotion of the economic potential of wildlife. It is also responsible for wildlife conservation and the management and protection of wildlife reserves, as well as the conservation of wetlands.

D. Timber Validation Department (TVD)

This Department is responsible for the verification and validation of applications for timber products licenses.

The Timber Validation Department (TVD) has been established as a department under the Forestry Commission as an internally placed auditor, tasked with auditing the operations of all actors in the forestry sector.

Further, the TVD uses the verification procedures and protocols consistent with the definition of legality as an audit framework to guide the discharge of its verification functions.

Finally, they are tasked with the reconciliation of datasets generated through field operations within the sector for the purpose of enabling the issuance of system-based licenses.

E. Resource Management Support Center

This is the technical wing of the Forest Services Division, and it is mainly responsible for the exploration, development, facilitation, institutionalization, implementation, and monitoring of effective and affordable forest management systems in Ghana. The Centre further ensures that these systems are in accordance with the National Forest and Wildlife Policy. The Centre has its operational base in Kumasi, the Ashanti regional capital.

F. Climate Change Directorate

The objective of the Directorate is to design local and international climate change mitigation/adaptation plans and strategies for the Forestry Sector of Ghana while promoting sustainable development leading to better and richer natural resources endowment for future generations.

G. Forestry Commission Training Center (FCTC)

The Forestry Commission Training Center is a training facility which was established by the erstwhile Timber Export Development Board (TEDB) and the Forest Products Inspection Bureau with assistance from the World Bank at Akyawkrom-Ejisu in the Ashanti Region.

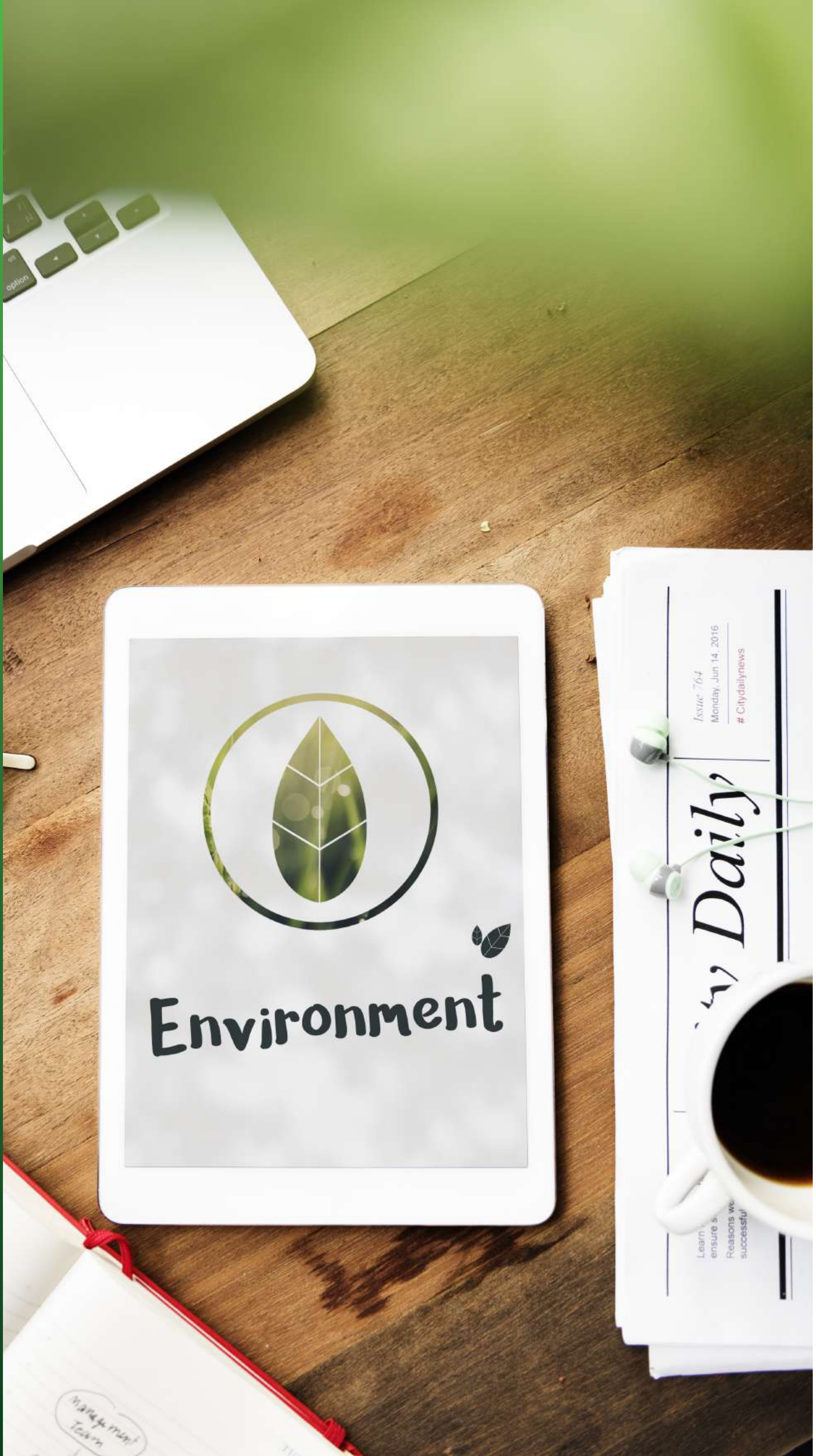
The Center's main focus lies in enhancing and advancing the professional knowledge and skills of individuals working in the wood-based industry. This objective is achieved through the provision of high-quality technical and managerial training courses, as well as offering extension and consultancy services in a cost-effective manner.

Forest Plantation Development Fund Board

The Forest Plantation Development Fund was established under the Forest Plantation Development Fund Act of 2000 (Act 583) as amended by the Forest Plantation Development Fund (Amendment) Act 2002, (Act 623).

The purpose of the Fund is to provide financial assistance for the development of private forest plantations on lands suitable for commercial timber production and to undertake research and technical advice to persons involved in commercial plantation forestry on specified conditions.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) UPDATES



The Environmental demands of ESG aim at the evaluation and management of a company's impact on the natural environment through the tracking of its environmental footprints. It encompasses various factors related to environmental sustainability and the company's efforts to mitigate its negative effects while contributing positively to environmental preservation.

The Environmental aspect involves analyzing a company's practices, policies, and initiatives in areas such as resource consumption, waste management, emissions, biodiversity preservation, and climate change mitigation. Companies that prioritize the Environmental aspect of ESG recognize that their operations have a significant ecological footprint. They understand the importance of safeguarding natural resources, reducing greenhouse gas emissions, and protecting ecosystems to ensure the long-term viability of their business and the planet as a whole.

Addressing the Environmental aspect involves understanding the potential risks and opportunities associated with environmental factors and integrating sustainable practices into all aspects of the company's operations, from sourcing raw materials to production processes, distribution, and waste management. It requires setting ambitious environmental goals, tracking performance metrics, and disclosing relevant information transparently to stakeholders.

Also, companies that effectively incorporate the Environmental aspect of ESG into their business operations strive to adopt cleaner and more efficient technologies, implement sustainable supply chain practices, and actively engage in initiatives to reduce their carbon footprint. They may invest in renewable energy, develop eco-friendly products, and engage in conservation efforts to protect natural habitats and biodiversity.

As businesses globally face increasing scrutiny from investors, consumers, and regulatory bodies, the Environmental aspect of ESG has become a crucial consideration for companies seeking to remain competitive and resilient in a rapidly changing world. By embracing environmental sustainability, companies can not only mitigate potential risks and enhance their reputation but also seize new business opportunities arising from the growing demand for eco-conscious products and services.

HOW TO INTEGRATE THE ENVIRONMENTAL DEMANDS INTO BUSINESS OPERATIONS – THE SCOPE

The integration approach may differ from business to business. Companies do not operate on the same standards and industries across the board. These differences require a tailored approach to integrating the Environment demands of ESG into one’s operation. However, the following broad frameworks will serve as useful starting points although not exhaustive:

Environmental Assessment: Companies will be required to conduct a comprehensive assessment of their environmental impacts, identifying areas of concern and opportunities for improvement. Analysis of key performance indicators (KPIs) related to energy consumption, water usage, waste generation, emissions, and other relevant environmental metrics will become key decision considerations.

Environmental goals: It is imperative to establish measurable and time-bound targets that align with international standards, local regulations, and industry best practices. Businesses must prioritize goals that contribute to climate change mitigation, resource efficiency, waste reduction, and biodiversity conservation.

Environmental Policy and Governance: Businesses must develop and implement a robust environmental policy that outlines their commitment to sustainability and responsible environmental stewardship. The appointment of a dedicated governance body or sustainability committee to oversee environmental initiatives and ensure accountability can be one great initiative in this regard.

Sustainable Supply Chain Management: There must be deliberate attempts to only engage with suppliers with commitments to sustainability goals to encourage sustainable practices, reduce the environmental impact of the supply chain, and support responsible sourcing of materials. The assessment of supplier performance based on environmental criteria and the consideration of integrating sustainability clauses into procurement contracts will help promote greater responsibility towards environmental goals.

Energy Efficiency and Renewable Energy (Sustainable Solutions): Aggressively, businesses must invest in energy-efficient and smart technologies and practices to reduce greenhouse gas emissions and lower energy costs. Additionally, efforts must be made to explore opportunities to transition to renewable energy sources, such as solar, wind, or biomass, to power company operations.

Waste Management and Circular Economy: The demand is to promote waste reduction strategies, including recycling, reusing, and repurposing materials, to minimize waste sent to landfills. Further, efforts must be made to adopt circular economy principles to design products and packaging that are more sustainable and easily recyclable.

Biodiversity Conservation and Ecosystem Preservation: This requires support for initiatives that protect and restore natural habitats and biodiversity, both within the company's operations and externally through partnerships and collaborations. This requires the need to avoid practices that contribute to deforestation, habitat destruction, or other activities harming biodiversity.

Transparency and Reporting: Companies must commit to disclosing accurate and transparent information on environmental performance and progress toward environmental goals in regular sustainability reports.

Water Management: It requires businesses to manage water usage responsibly, ensuring the sustainable use of this precious resource. Implementing water-saving practices, monitoring water quality, and supporting community water initiatives are essential aspects of this focus area.

Environmental Regulations and Compliance: This consideration requires businesses must adhere to relevant environmental regulations and strive to exceed compliance standards. Also, it requires businesses to proactively engage with regulators and implement best practices to ensure that they operate in a manner that aligns with legal requirements and societal expectations.

SOCIAL UPDATES

In today's business landscape, the concept of sustainability goes beyond environmental concerns. It also encompasses the social and governance aspects of a company's operations. Environmental, Social, and Governance (ESG) considerations have become increasingly important in assessing the sustainability and ethical practices of businesses and organizations.

While environmental factors have traditionally received significant attention, social issues are equally critical in evaluating the overall impact and performance of an entity. Social issues encompass a wide range of topics, including but not limited to labor rights, human rights, community engagement, diversity and inclusion, employee well-being, and supply chain ethics.

These issues are significant in achieving a sustainable future, as they directly impact stakeholders such as employees, customers, local communities, and society at large. By integrating social considerations into their ESG framework, businesses can achieve long-term financial success while creating positive social impacts. Investors, customers, and other stakeholders are increasingly evaluating companies based on their commitment to social responsibility, making it crucial for businesses to address these issues in their sustainability reporting. By addressing social issues, businesses can build trust, enhance their reputation, attract, and retain top talent, mitigate risks, and contribute to the overall well-being of society.

Social issues are significant indicators of an organization's commitment to social responsibility and its impact on various stakeholders. Some of the identified social issues include the following:

Diversity and Inclusion: Diversity and inclusion are essential components of the ESG framework, focusing on promoting equal opportunities, representation, and fair treatment for individuals from diverse backgrounds within an organization. It goes beyond simply meeting legal requirements and recognizes the value that diverse perspectives bring to the workplace.

Businesses must promote diversity in their workforce, including gender, race, ethnicity, and other underrepresented groups. This may include initiatives to improve representation at all levels, equitable recruitment and promotion practices, and the establishment of inclusive policies and programs. Similarly, this will include providing equal opportunities for career advancement and ensuring an inclusive and non-discriminatory work environment.

Additionally, the diversity and inclusion agenda transcend the internal workforce, businesses are encouraged to consider diversity and inclusion in their supply chains, engaging diverse suppliers and promoting fair trade practices. By fostering diversity and inclusion throughout the value chain, organizations contribute to a more equitable society, help reduce systemic inequalities, and drive positive social change.

By embracing diversity and inclusion, companies not only enhance their social sustainability but also improve their reputation and strengthen their competitive advantage in a global marketplace that values diversity.

Labor and Human Rights: The social dimension of the ESG framework places significant emphasis on the protection of labor and human rights, recognizing the pivotal role played by individuals in driving business success. It is crucial for businesses to actively promote and safeguard the rights of workers at every level. This entails providing fair and equitable wages, creating safe and healthy working conditions, and firmly prohibiting any form of discrimination or exploitation within the organization.

In line with protecting labor and human rights, businesses should uphold the principles of freedom of association and collective bargaining, allowing employees to voice their concerns and participate in decision-making processes. Fostering employee engagement, cultivating a healthy work-life balance, and ensuring equal opportunities for career growth are also essential aspects of promoting labor rights and social well-being within organizations.

Furthermore, an integral part of social sustainability is addressing labor and human rights issues within the supply chain. Businesses must be diligent in combating practices such as forced labor, child labor, and modern-day slavery by implementing robust supply chain management systems. This includes conducting thorough due diligence, implementing supplier audits, and collaborating with suppliers to ensure ethical practices are upheld throughout the entire supply chain.

By prioritizing the protection of labor and human rights, businesses demonstrate their commitment to social sustainability, ethical conduct, and the well-being of their workforce. These efforts contribute to a more equitable and just society, while also safeguarding the reputation and long-term success of the organization.

Community Engagement: Community engagement focuses on the relationship between businesses and the communities in which they operate. Effective community engagement entails actively involving and collaborating with local stakeholders to understand their needs, concerns, and aspirations, and working together to create shared value and positive social impact.

Businesses that prioritize community engagement aim to contribute to the well-being and development of the communities they serve. This involves respecting local cultures and customs, supporting local businesses and suppliers, and actively seeking opportunities for community investment. Engaging with community members through open dialogue, public consultations, and partnerships helps build trust, fosters social cohesion, and ensures that business operations are aligned with community expectations and priorities.

Furthermore, community engagement extends beyond philanthropic efforts and charity donations. It encompasses initiatives that address the specific needs of the community, such as education programs, healthcare initiatives, infrastructure development, and environmental conservation projects.

By actively engaging with communities, businesses can create sustainable value, enhance their social license to operate and contribute to the overall well-being and resilience of the communities in which they operate.

Engaging with local communities is crucial for businesses to operate sustainably. Businesses are expected to understand and address the social needs and concerns of the communities in which they operate. This may involve supporting local development projects, contributing to education and healthcare initiatives, and actively involving community members in decision-making processes that impact them.

Corporate Culture: This relates to the values, beliefs, and behaviors that shape how a company operates and interacts with its stakeholders. A strong and positive corporate culture is essential for fostering employee well-being, ethical conduct, and long-term sustainable performance.

A healthy corporate culture promotes inclusivity, transparency, and accountability. It encourages open communication, collaboration, and mutual respect among employees at all levels. Businesses and organizations must prioritize corporate in to promote the well-being of their workforce by cultivating a supportive and inclusive work environment that values diversity, promotes work-life balance, and ensures equal opportunities for career growth and development.

Moreover, an ethical corporate culture establishes clear guidelines and promotes integrity in business practices, thereby reducing the risk of unethical behaviors and promoting responsible decision-making throughout the business or organization.

A company culture which embraces ESG values promotes social sustainability through the creation of an ethical and cooperative work environment. This leads to increased employee involvement and efficiency, resulting in lasting benefits for the company and its stakeholders.

Product Safety and Consumer Protection: Product safety and consumer protection are critical social issues emphasizing the responsibility of companies to ensure the safety, reliability, and ethicality of their products or services.

Businesses must commit to upholding rigorous standards and regulations to protect consumers from potential harm from the use of their products and/or services. This usually involves conducting thorough product testing, adhering to quality control measures, and providing accurate and transparent information through labeling and packaging.

Moreover, responsible businesses are responsive to customer concerns and complaints, promptly addressing issues and taking appropriate actions to rectify any potential risks or defects. By prioritizing product safety, businesses demonstrate their commitment to consumer well-being, build trust with their customers, and safeguard their reputation.

In addition to product safety, consumer protection encompasses broader ethical considerations such as protecting consumer privacy, ensuring fair and transparent pricing practices, and avoiding deceptive or misleading marketing and advertising tactics. Ethical businesses prioritize informed consent and secure handling of customer data, respect consumer rights, and uphold responsible marketing practices that provide accurate information about their products or services.

It is therefore necessary for businesses to prioritize consumer protection to foster a sustainable and ethical marketplace, boost consumer trust, and cultivate enduring relationships with their customers.

By incorporating these social considerations into their business strategies and operations, businesses not only mitigate risks but also enhance their reputation, attract investors, and foster a sustainable future for all. To effectively tackle social issues within the ESG framework, businesses should establish explicit policies, define measurable targets, regularly assess their impact, and transparently disclose relevant information to stakeholders.

At all times individuals and businesses must remember that embracing social responsibility is not just an ethical duty but also a strategic necessity for organizations and businesses operating in an interconnected and socially conscious world.

GOVERNANCE UPDATES

In the past twenty years, a series of global studies, white papers, and United Nations development goals have influenced the adoption of sustainable benchmarks for corporate environmental, social, and governance (ESG) initiatives.

These long-term targets have catalyzed a movement that has gained significant prominence in the financial investment landscape. Companies now consider the development, implementation, and monitoring of ESG initiatives as a prestigious accomplishment. As a result, ESG has emerged as a dominant factor in the financial investment world, influencing investment decisions and shaping corporate strategies.

However, it is worth noting that not all three components of ESG have received equal attention and focus. Environmental considerations have received significant attention due to increasing concerns about climate change, resource depletion, and ecological sustainability. The push for companies to reduce their environmental footprint and transition towards renewable energy sources has gained momentum.

Similarly, social factors have gained prominence as stakeholders demand greater transparency, inclusivity, and responsible business practices. Issues like diversity and inclusion, labor standards, and community impact are now critical considerations for companies.

Unfortunately, the governance aspect of ESG has sometimes been overshadowed by the focus on environmental and social factors. While governance practices are integral to effective ESG management, they may not receive the same level of attention or public scrutiny as environmental and social aspects.

However, to truly appreciate the importance of governance within the ESG context, it is crucial to gain a comprehensive understanding of its essence and objectives. This would help eliminate any misconceptions and establish a solid foundation for recognizing its pivotal role in driving sustainable business practices.

The “G” in ESG refers to the internal structure of a company, encompassing carefully designed rules, regulations, practices, and processes that directly influence impacts how the organization is managed and operated.

These governance criteria establish the guidelines and protocols for companies, enabling investors to assess the adequacy of governance practices similar to their evaluation of environmental and social considerations.

The "G" factor is assessed through various indicators and metrics that evaluate a company's governance practices. These may include board composition and independence, executive remuneration structures, anti-corruption policies, disclosure practices, and shareholder rights. Investors and stakeholders can use these indicators to evaluate the governance performance of companies and make informed investment decisions.

These internal governance mechanisms are typically established and overseen by the Board of Directors. The Board plays a crucial role in implementing these strategic objectives, ensuring their effectiveness, and regularly reporting the outcomes to shareholders and stakeholders.

It is therefore essential for governance initiatives to reflect the values and ethos of the company. Moreover, empirical evidence has shown that such initiatives have a clear and positive influence on long-term performance and overall success.

Governance aims to enhance operational transparency within an organization. It is most effective when seamlessly integrated into the corporate culture, creating an environment of mutual trust and shared commitment among internal and external stakeholders.

Moreover, governance is centered around accountability. Once implemented, every employee, regardless of their position within the organization, understands their role, responsibilities, and the value they bring to the overall success of the company.

ESG-focused investors recognize the importance of governance as a key indicator of a company's sustainability and long-term performance. They seek to invest in organizations with robust governance practices, as it indicates a commitment to responsible decision-making and mitigating risks associated with environmental and social factors.

Furthermore, regulatory bodies and industry standards often require companies to adhere to specific governance principles. For instance, stock exchanges may mandate disclosure requirements related to board composition or executive compensation. Therefore, understanding the “G” in ESG is critical, as governance risks and opportunities will likely increase as social, political, and cultural attitudes continue to evolve. A well-governed company will minimize its exposure to governance risks and vulnerabilities.

CORPORATE GOVERNANCE REPORTING FRAMEWORKS, STANDARDS AND REQUIREMENTS

The collapse of Enron and Arthur Andersen in the United States, along with similar corporate disasters like Marconi in the UK, has brought corporate governance to the forefront of importance. This has led to heightened global attention and concern from international organizations regarding governance issues.

The shift recognizes that what were once considered the best practices in the past should now be regarded as standard practices in the present.

This emphasis coincides with a global movement towards corporate reporting on sustainability and corporate social responsibility (CSR), driven by the growing demand within the investment industry for socially responsible investment options. Today, ranking or evaluating corporate governance has become a big business. Enormous amounts of investment capital are now allocated based on the evaluation of firms' corporate governance practices by independent commercial rating agencies.

Media organizations rank companies based on their governance practices, while proxy advisors assess governance arrangements and utilize them to provide voting recommendations.

First, the Global Reporting Initiative (GRI) is an internationally recognized framework that provides guidelines for organizations to report on their sustainability performance, including corporate governance.

Since its inception in 2000, GRI's sustainability reporting framework has gained substantial recognition and adoption worldwide. It has become the preferred choice for multinational corporations, governments, SMEs, NGOs, and industry associations across more than 90 countries.

As of 2017, a significant number of companies, with 63 percent of the largest 100 companies (N100) and 75 percent of the Global Fortune 250 (G250), have embraced the GRI reporting framework as their preferred approach to reporting on sustainability.

The GRI reporting framework offers a comprehensive set of guidelines for organizations to disclose their governance practices. It covers various aspects, including board composition and independence, risk management, ethical conduct, stakeholder engagement, and disclosure of governance policies and procedures. GRI's approach emphasizes a holistic view of sustainability, integrating governance with social, environmental, and economic dimensions.

Ghana, as a developing economy, has shown a growing interest in sustainability reporting and governance practices. While there is no legal requirement for companies in Ghana to adhere to GRI's reporting standards, several large Ghanaian companies, particularly those operating in sectors such as banking, telecommunications, and manufacturing, have voluntarily adopted GRI's reporting framework. Access Bank, ranked as the 12th largest Bank in Ghana by assets and operating one of the largest branch networks in the country also recently announced it would start issuing sustainability reports in accordance with GRI Sustainability Reporting Standards. Upon full implementation, Access Bank will become of the first to adopt the GRI Standards for sustainability reporting within the banking sector in Ghana.

Another prominent international reporting framework and standard for corporate government is the Sustainability Accounting Standards Board (SASB). The SASB is a non-profit organization, founded in 2011 to develop sustainability accounting standards.

SASB focuses on industry-specific reporting standards, ensuring companies report material sustainability factors relevant to their sector. SASB's framework includes disclosure topics specific to each industry, including governance structures, board independence, executive compensation, and risk oversight.

The SASB Standards take a different approach to assessing governance compared to traditional methods that focus on board structures, processes, and shareholder rights.
While conventional governance issues are already covered by existing regulations such as stock exchange listing requirements and industry-specific codes, the SASB Standards focus on industry-specific performance metrics that can serve as indicators of governance quality.

These metrics include factors like fines and settlements, violations, accidents, and other industry-specific considerations. The SASB Standards acknowledge that while corporate governance is vital across all sectors, each industry has its unique governance characteristics. For instance, governance issues relevant to assessing enterprise value may involve systemic risks in the Financial sector or operations in highly regulated markets in the Infrastructure sector.

The metrics provided by SASB Standards are designed to complement, not replace, well-established frameworks for reporting on traditional governance issues, such as those developed by the International Corporate Governance Network (ICGN), the Council of Institutional Investors (CII), and the Investor Stewardship Group.

HOW BUSINESSES CAN ADOPT GOOD CORPORATE GOVERNANCE PRACTICES INTO THEIR BUSINESS ACTIVITIES

Developing a robust and effective corporate governance framework is an essential goal for African businesses and corporations. The unique socio-economic landscape of Africa demands a tailored approach that combines universal best practices with region-specific elements to ensure sustainable growth and responsible business conduct.

Best practices incorporate many different aspects of board work. They involve carefully assessing the attributes and behaviors of board members, including their individual qualities, experiences, and approaches to overseeing an organization.

It is therefore important that African companies and organizations strive to follow good corporate governance practices.

Ensuring boardroom diversity: In order for a board to fulfill its role effectively, it is essential to have a diverse mix of board members, each bringing their unique experiences, skills, and perspectives to the table. If all board members possess identical backgrounds and skill sets, there is a risk of lacking the necessary diversity of opinions required to rigorously challenge the company's strategy and ensure it is watertight. Board diversity involves more than just representation - it is about bridging gaps in expertise and incorporating a broader range of viewpoints.

By including individuals with different backgrounds, experiences, and knowledge, boards can tap into a wealth of diverse perspectives that can enhance decision-making processes and promote creative thinking. Diverse boards encourage constructive debate, challenge conventional wisdom, and ensure that a variety of viewpoints are considered before making critical decisions.

Furthermore, embracing board diversity reflects a commitment to inclusivity and acknowledges the significance of representing the interests of stakeholders. By incorporating a diverse range of voices, boards can better understand the needs and expectations of various stakeholders, including employees, customers, communities, and shareholders.

Being accountable: The prevalence of high-profile African corporate financial scandals in recent times (Dash and Flutterwave) serves as a compelling reminder of the crucial role accountability plays in effective corporate governance practices. To uphold accountability, boards must establish robust internal controls and regularly monitor their effectiveness.

An integral component of accountability lies in the implementation of accurate and transparent reporting systems, accompanied by a well-defined framework of checks and balances. These measures are vital in ensuring the integrity of financial reporting, preventing fraudulent activities, and maintaining stakeholders' trust.

In pursuit of accountability, best practices involve carefully considering the relationship between attracting highly skilled board nominees and providing appropriate compensation that aligns with their contributions, while simultaneously avoiding potential conflicts of interest.

It is generally recommended that board committees oversee and manage the remuneration of board directors, ensuring a fair and objective approach to compensation decisions.

Manage risk proactively: Recognizing the significance of risk identification and management is crucial, but the ultimate objective lies in adopting a proactive stance to mitigate those risks even before they materialize. Instead of merely relying on reactive measures to navigate through challenges, organizations should strive to prevent those challenges altogether.

To attain this objective, the implementation of a robust risk management process is vital. This entails systematically identifying and evaluating potential risks, both internal and external, that could impact the organization's objectives.

By thoroughly understanding the nature and magnitude of these risks, organizations can develop effective strategies and controls to mitigate them in advance. This proactive approach empowers organizations to anticipate and address potential threats, minimizing the likelihood of adverse events and their subsequent impact.

Additionally, an up-to-date disaster recovery plan is essential to achieve the objective of risk mitigation. This plan outlines the procedures and protocols to be followed in the event of a significant disruption or crisis.

By having a comprehensive and regularly reviewed disaster recovery plan, organizations can respond swiftly and effectively to unforeseen events, minimizing the impact on operations, reputation, and stakeholder confidence.

Document policies and procedures: Having readily accessible documentation that outlines your organization's policies and procedures regarding shareholder rights, executive compensation, board meeting operations, director elections, and other relevant matters is crucial. This ensures transparency and consistency within the organization.

Follow and adopt sustainability best practices: In today's corporate landscape, the integration of sustainability and strategic management has become essential. Investor preferences and major events like the Covid-19 pandemic and climate crisis have highlighted the need for businesses to adopt sustainable practices. Consumers are increasingly favoring companies that demonstrate a commitment to sustainability.

Moreover, regulatory pressures are growing, requiring organizations to report on environmental, social, and corporate governance metrics.

Embracing Technology and Innovation: Leveraging technology and embracing innovation can play a transformative role in strengthening governance practices, enhancing data management, and promoting transparency.

African businesses have an opportunity to harness digital solutions and emerging technologies such as blockchain to optimize record-keeping processes, ensuring a higher level of transparency and fostering trust among stakeholders.

Also, by adopting technology-driven innovations, organizations can improve the accuracy and efficiency of their reporting mechanisms, enabling them to effectively navigate the changing landscape of regulatory compliance.

Embracing technology not only enhances governance processes but also positions businesses at the forefront of progress and innovation.

CONTEMPORARY CORPORATE GOVERNANCE ISSUES IN AFRICA

The rise of conscious consumerism is evident, and companies that fail to recognize this trend will be outpaced by their competitors who do.

From the boardroom to the shopping cart, various stakeholders are increasingly considering environmental, social, and governance (ESG) criteria when making decisions about where to invest their resources.

In Africa, the spotlight on corporate governance has intensified due to a series of high-profile financial scandals involving major corporations in recent times.

Therefore, CEOs and other corporate leaders must familiarize themselves with ESG principles, adopt best practices in corporate governance, and proactively take steps to address sustainability and ESG considerations.

Companies are adapting to these evolving needs in diverse ways. Some are taking a leadership role, setting new standards for others to follow, while others are focusing on compliance with emerging regulations and industry norms. Regardless of the approach, it is essential for businesses to embrace sustainability and embed corporate governance best practices into their operations.

It is therefore imperative to assess the broad demands of contemporary corporate governance considerations and how companies in Africa can build frameworks to fully realize the governance goals.

Digital Transformation: The COVID-19 pandemic has eliminated any doubts organizations, especially those located on the African continent may have had about the urgency of digital transformation.

It is no longer a mere marketing buzzword for the tech industry seeking profit - rather, it has become a matter of survival for organizations, with significant implications for their boards.

Prior to the pandemic, some organizations viewed digital transformation as an optional strategy or something that could be gradually implemented over time. However, the sudden and unprecedented challenges brought about by the pandemic exposed the vulnerabilities of businesses that were not adequately prepared to adapt to a digital-first environment.'

Organizations that had already embraced digital transformation were better equipped to navigate the crisis. They were able to quickly pivot their operations, adopt remote work models, leverage digital technologies for communication and collaboration, and find innovative ways to serve their customers. These organizations were able to maintain business continuity and even explore new opportunities during these challenging times.

On the other hand, organizations that were slow to embrace digital transformation faced significant obstacles. Some struggled to transition to remote work setups, experienced disruptions in their supply chains, or encountered difficulties in reaching their customers through traditional channels. As a result, they faced financial losses, operational challenges, and even the risk of closure.

Therefore, it becomes crucial to view the imperative of digital transformation through the lens of corporate governance. In doing so, it is essential to outline the actions that CEOs, founders, and leaders of modern African corporations and businesses can undertake to provide effective oversight of this transformation.

First of all, it is important to note that digital transformation is not only about technology. Ultimately, digital transformation involves recognizing the role of digital technology within the organization's operating framework, enabling its business model to deliver an improved customer experience, thereby enhancing the organization's relevance and long-term viability.

In the context of corporate governance in Africa, digital transformation plays a vital role in ensuring the effective functioning and sustainability of organizations. It enables improved transparency, accountability, and risk management. By leveraging digital tools and technologies, organizations can enhance their governance practices, streamline processes, and improve decision-making.

Moreover, digital transformation enables organizations to harness data and analytics to gain valuable insights into their operations, stakeholders, and market trends.

This data-driven approach can inform strategic decision-making, identify emerging risks, and uncover new opportunities. It also facilitates real-time reporting and monitoring, enabling boards and executives to have a holistic view of the organization's performance and compliance with regulations.

Digital transformation is no longer a luxury but a necessity for organizations in Africa and beyond. It is crucial for boards and executives to recognize the urgency and importance of digital transformation in today's rapidly evolving business landscape.

Succession Planning: In Africa, a significant number of companies are family-operated, with founders maintaining control. However, the importance of succession planning for the next generation is often overlooked. While the emergence of a new wave of entrepreneurs is promising, it is crucial for business owners in Africa to take proactive measures now to ensure a prosperous future.

Succession planning is often neglected in African businesses, as revealed by a 2016 study conducted by PWC South Africa. The study found that a mere 17% of family-owned entities had implemented a succession plan, showing a slight increase from the 13% reported in the previous survey carried out in 2014-15.

The prevailing mindset among many African businesses is focused on the present, but there is a need to shift the perspective towards the future.

With a young and rapidly growing population, it is essential to consider succession planning as a means to sustain the momentum and capitalize on the potential of the emerging generation of entrepreneurs.

Unfortunately, many African companies have inadequate plans in place to address the risk associated with the absence or incapacitation of key figures in the business. This "key man" risk becomes a significant concern, especially considering that many businesses are led by individuals who are advancing in age.

To safeguard against the uncertainties and potential disruptions caused by “key man” risk, African businesses must prioritize the development of robust succession plans. Such plans should outline clear pathways for leadership transitions, identify and groom capable successors, and establish mechanisms to mitigate potential disruptions in the event of unforeseen circumstances.

Socially Responsible Investing: ESG investing has gained significant momentum worldwide, representing a significant portion of global investment capital. It is estimated that between 25% to 50% of global investments are now directed toward ESG-focused initiatives.

Furthermore, over 2,250 money managers overseeing a staggering $80 trillion in assets have pledged their commitment to the United Nations-supported Principles for Responsible Investment.

While ESG investing has traditionally not been a top priority for corporations and investors in Africa, the situation is gradually changing. The impact of environmental, social, and governance factors on the investment landscape is gaining recognition, and companies in Africa, regardless of their size, will face mounting expectations and demands regarding their business practices.

Embracing sustainability in business is not just a passing phase but a long-term megatrend that will continue to shape the global investment ecosystem. Socially responsible investing considers factors beyond financial performance, taking into account the impact of a company's operations on the environment, its engagement with stakeholders, and the quality of its governance.

These considerations are now gaining traction among investors, who seek to align their portfolios with their values and promote positive change.

As stakeholders become more conscious of the social and environmental impact of businesses, companies that integrate ESG principles into their corporate governance strategies are likely to attract a broader range of investors and maintain a competitive advantage.

The importance of socially responsible investing extends beyond financial gains. It presents an opportunity for African businesses to contribute to sustainable development, address social and environmental challenges, and make a positive impact on their communities.

Data Governance: Data is the lifeblood of organizations and businesses, playing a critical role in their operations. In the past decade, digitization and the adoption of digital technology requiring data systems have become widely spread in Africa. With this comes the complexities of how data is collected, processed, shared, and utilized, including issues of data privacy and protection.

Countries have adopted several laws and policies designed to promote access, address privacy and personal data protection concerns as well as stimulate the uptake of data-based initiatives. Trust plays a significant role in building data systems that are accurate as people are more willing to share their personal data with data controllers.

Ghana stands as a trailblazing African country, spearheading efforts to promote data governance among its businesses and organizations. It has shown a commendable commitment to promoting data governance and facilitating open access to data.

This commitment is evident through various legislations, with the primary enactment at the forefront being the Data Protection Act, 2012 (Act 843), which established the Data Protection Commission. The primary objective of this commission is to safeguard individuals' privacy and regulate the access, processing, and sharing of personal data.

In addition to the Data Protection Act, Ghana's government has also taken significant steps to address cybersecurity concerns. The passage of the Cybersecurity Act, 2020 (Act 1038) aims to prevent cybercrimes, particularly those involving unauthorized use of personal data. This legislation strengthens the protection of individuals' personal information and enhances the security of data systems.

From a corporate governance perspective, Ghana's commitment to data governance and open access to data is crucial. It creates a conducive environment for businesses to operate in a responsible and compliant manner. By complying with data protection regulations and adopting best practices in data management, organizations can establish trust with their stakeholders, including customers, employees, and partners.

Furthermore, these initiatives have broader implications for the country's socio-economic development.

By creating a robust framework for data governance, Ghana encourages innovation and investment in data-driven industries. Open access to data enables researchers, businesses, and individuals to leverage valuable insights and develop innovative solutions that can drive economic growth and societal progress.

It also supports evidence-based decision-making in various sectors, including healthcare, education, agriculture, and governance.

Overall, Ghana's commitment to data governance and open access to data reflects its recognition of the significance of data protection and privacy in the digital era. These efforts not only safeguard individuals' personal information but also foster an environment conducive to innovation, development, and informed decision-making.

INSIGHTS

A GUIDE TO ENHANCING CORPORATE GOVERNANCE IN EARLY-STAGE START-UPS IN AFRICA

Sometime this year, it was reported that the Founder and CEO of "Dash" – a Fintech Start-up has been suspended pending an investigation into the operations of the company for financial impropriety. This is a Ghanaian-founded company that raised $32.8 million in equity last year and provides an alternative payment network with connected wallets permitting interactions between mobile money and bank accounts in Africa.

Similarly, the Founder and CEO of "Flutterwave" – Africa's most valuable unicorn was also reported last year to have been under investigation for financial and personal misconduct pertaining to the running of the pan-Africa Fintech company.

"Dash" and "Flutterwave" are leading examples of Africa's growing early-stage start-ups with great potential of becoming global brands in the Financial Technology (Fintech) industry. And news of financial impropriety and related misconduct at the highest level of these companies portray the seeming lack of and/or failure of accountability, systems, and procedures that promote best practices in business management.

More importantly, occurrences such as those reported have wider negative implications for the funding and management of other start-ups in Africa and it is imperative such concerns are addressed with pragmatic initiatives that promote good corporate governance in early-stage start-ups.

Therefore, the purpose of this article is to assess the concept and practice of corporate governance as well as offer some guidelines for its promotion in start-ups and small and medium-sized enterprises (SMEs).

CORPORATE GOVERNANCE AND ITS PRACTICE

On incorporation, companies are clothed with the legal personality to carry out their intended objects or purposes. However, the limitation of such legal recognition (artificial personality) implies that human beings must either be appointed and/or employed to steer the affairs of a company within a certain framework. Without this, no company will be able to carry out its purpose and operate.

The governance of a company, therefore, requires the effective implementation of arrangements that allow for the seamless management and operation of a company. To effectuate the proper governance of a company, officers are expected to comply with mandatory arrangements as required by law and permissible ones which may be considered as best practices depending on the operational requirements of a company.

The prescriptions of structures/organs, functions, and powers under the Companies Act are at best the basic expectation of a corporate governance system that companies can enhance in an attempt to build a good corporate governance one that promotes the best interest of a company and seek a balanced interest of all stakeholders.

To achieve the overarching objective and drive the benefits of good corporate governance, companies must ensure that their compliance with legal and non-legal demands of structures, systems, processes, and procedures are aligned to certain principles including a clear definition of roles, accountability, integrity and ethical leadership, fair and equitable treatment of stakeholders among others.

Therefore, any discussion concerning corporate governance is a call for strict adherence to the mandatory requirements of law and permissible best practices as they relate to the exercise of powers, the establishment of organs/structures, the performance of duties/functions, the institution of systems and procedures for the efficient and effective management of companies.

WAYS OF ENHANCING CORPORATE GOVERNANCE

There is a cost to the effective institutionalization of a good corporate governance system. Apart from its monetary cost, the implementation has the potential to reduce the influence or exercise of power by founders of a company as it imposes strict procedures on how the affairs of a company are managed.

Nonetheless, its absence may lead to chaos, mismanagement, improprieties, and breaches of company and corporate management requirements. This may result in sanctions by regulators and create an unsustainable and unattractive operation, especially for funding.

To reduce the tendency of start-ups to suffer the consequences of not instituting good corporate governance systems at their early stages, I recommend the following initiatives as must-do to build a strong compliance culture to support corporate governance and its practices.

BUILDING THE CAPACITY OF FOUNDERS: Start-up founders are the brains behind the pursuit of the purpose for which start-ups are incorporated. They have the idea and the know-how to deliver the required product or service. In the process, founders assume the responsibility for not only working on the product or service but also, the management of the ensuing company including managing people, service providers, finances, sales, and marketing among others. And largely, these enormous duties are performed by one person or not more than three in co-founders' situations.

Apart from this, most start-up founders are young people with limited professional experience in managing anything. Some are students and immediate graduates with little or no appreciation for management concepts and their practices.

Rightly, these inefficiencies or lack of capacity reflect in the management of start-ups and result in limited or no adherence to the mandatory and permissible prescriptions on corporate governance. Therefore, a starting point for the promotion of good corporate governance practices will be the building of capacity for start-up founders to understand and appreciate the tenets and practices of corporate governance and be able to drive its implementation across their organizations.

Currently, most start-up founders are unaware of these demands and must be intentional about building their capacities on same as the practice of corporate governance is as important as the development of products or services.

STAFFING: The governance arrangement of companies permits the appointment and/or recruitment of officers and other management staff to support the overall management of a company. The need to appoint or recruit persons for the various mandated or permissible roles represents an opportunity for a start-up to bring on board, persons with the requisite skills and knowledge. This opportunity must be utilized to appoint or recruit highly skilled personnel with strong commitments to abide by rules, procedures, and practices that enhance accountability and transparency, integrity, and ethical leadership among others.

The role of personnel (staff) in driving a good corporate governance practice cannot be overemphasized. Therefore, start-ups should not miss the opportunity to appoint or recruit persons who can support founders in doing the right things.

If possible, a dedicated staff should be engaged as a compliance officer to ensure strict compliance with the demands of good corporate governance.

SYSTEMS AND PROCESSES: Good corporate governance is best reflected in the adaptation and compliance with systems and processes. Therefore, the setting up of systems and processes offers the best indication of the commitment to comply with the demands of good corporate governance.

However, start-ups must ensure some level of checks and balances and/or the placement of limitations on the exercise of powers underlying the systems and procedures put in place.

Particularly, clear procedures must be in place for the management of the funds, recruitment of key management personnel, the exercise of key decisions, among others to forestall improprieties that could impair the company's growth.

PRIORITISE THE USE OF TECHNOLOGY: Technology is simplifying our ways of work and life. Its innovations are providing cost-effective and convenient ways of performing tasks hitherto performed by humans. And the surge in the number of start-up companies is also attributable to technological advances. Therefore, start-ups cannot seek to use technology to provide innovative products or services without leveraging its usefulness in the management of their operations.

It is practically useful to use humans and paper-based processes to achieve compliance with corporate governance demands. However, it will be more beneficial to explore the use of technology by way of systems, processes, and procedures for managing the finances, decision-making, etc. of a company.

We are in a technology era; start-ups must explore the full advantages of technology to comply with demands and promote efficiency and traceability in their operations.

3RD PARTY ADVISOR: Establishing internal arrangements to comply with corporate governance demands is great. However, having an external person (3rd party) to serve as a second layer of compliance checks and balances will help provide feedback on and recommend improvements to internal compliance arrangements. So, start-ups must explore the option of having an independent 3rd party who serves as a chief compliance officer(s) and build the attitude to take and implement his or her feedback or recommendations.

CONCLUSION

There is no "one-size-fits-all" approach to building a great start-up. But there are no great and thriving companies without compliance with rules, procedures, and practices which are underpinned by the demands of good corporate governance. Therefore, as many young people take on the challenges of entrepreneurship and pursue the provision of solutions – products or services across Africa, these founders must understand and appreciate the need to incorporate good corporate governance principles and practices into their operations as part of their early-stage initiatives to promote their sustainable operations. And some of the recommendations in this article must be highly considered.

ENERGY JUSTICE IN SITING ENERGY INFRASTRUCTURE IN GHANA

INTRODUCTION

The concept of Energy Justice (EJ) has taken center stage as the nation embarks on expanding its energy infrastructure to ensure accessibility and reliability. Energy justice encompasses equitable access, distribution, and participation in decision-making processes regarding energy resources and infrastructure. As the country pursues its energy goals, it has become necessary to navigate the balance between promoting economic growth and safeguarding social and environmental well-being.

This article explores the conceptual framework of Energy Justice in siting energy infrastructure projects within the country, aimed at fostering an inclusive and sustainable energy landscape for all Ghanaians.

THE CONCEPT OF ENERGY JUSTICE

Energy Justice (EJ) is simply the concept that seeks to bring principles of fairness and equity to energy production, energy services and consumption. The concept puts its lenses on the entire energy value chain from the construction of the infrastructure, its operationalization and then distribution of what it produces to the end user. This is featured in the disruptions caused to people's lives and livelihoods with the construction of a hydro power plant, and the transmission of power through high voltage cables to the substations where power interfaces with the consumers in their homes and businesses.

In its classical form, EJ has thrived on a three-tenet framework; Procedural, Recognition and Distributive justice tenets. Procedural justice emphasizes the need to take into cognizance the views of all stakeholders who would be affected by a certain energy decision. Recognition justice on the other hand requires that conscious efforts are made to identify the vulnerable groups and the varying degrees of their vulnerabilities, and to make provisions for those. Distributive justice deals with the need to be guided by fairness considerations in sharing the benefits and burdens of energy decisions.

THE OPERATIONAL FRAMEWORK

As an analytical tool, the three-tenets of Energy justice have become indispensable in measuring whether there has been Justice in respect of an Energy project. The most notable medium for manifesting or raising energy justice questions is the Environmental Impact Assessment procedure, which is sanctioned by the Environmental Protection Act 1994 (Act 490) and its consequent Legislative instruments and Guidelines.

The EPA Act and LI 1652, the Environmental Assessment Regulations 1999, requires that certain undertakings are registered. These may be undertakings in the Energy space and might involve the construction of a nuclear power plant at a site. Inherent in the registration process, where the undertaking is in the view of the Environmental Protection Agency (EPA) one that would affect the Environment, such baseline issues are addressed and mitigation measures explained, with a further determination of whether there would be extreme impact on the places to be sited for the projects during the conduct of an Environmental Impact Assessment (EIA).

Before the evolution of the Energy Justice three-tenet framework as an analytical tool for determining whether there was justice in the production and consumption of energy, the issues were considered generally. It has been argued that, when it comes to Government projects for instance, the entire three-tenet framework is either breached or undermined in integrity. Private projects are taken through rigorous scrutiny and sometimes, it has been nearly impossible to go through the process to be able to be cleared for business. Government projects usually have a certain sense of urgency, and financial conditions and thus making it difficult to go through the rigors of analytical scrutiny. As a result, Energy Justice is undermined. Take for instance, the construction of the Atuabo Gas plant, which is Ghana's Natural Gas Processing Plant, owned by the Ghana Gas Company and situate at Atuabo, a small coastal community in Nzemaland. The Chinese Development Bank funded this project and by the time the funds were ready for the project to take off in 2011, there was no time to ensure that the issues especially of procedural and recognition justice were exhausted.

While examining the impacts of land acquisition for the gas processing plant at Atuabo on the livelihood of affected farmers, Ablo and Asamoah (July 2018) found that, farmers' involvement in the compensation process did not go beyond identification and measurement of their farms. Their recommendation that government actively engage with community members and traditional authorities, is to make a case for procedural and recognition justice. Many environmental and energy civil society expressed reservations of how SINOPEC, the company which constructed the project had already gone on site and started clearing when an EIA report had not been submitted. This is only to underscore that the point that when it comes to Government projects in the Energy sector, because Government is usually acting to solve immediate problems, procedural fairness is gravely undermined. This way, the various vulnerable groups, whether property owners or not, are not properly identified and provided. The sharing of the benefits of regular gas supply should in fairness commensurate with the burdens of being displaced for instance.

CONCLUSION

With prospects of Nuclear Power coming on board Ghana's energy mix, the issue of Energy Justice will continue to occupy center stage. It is recommended that, irrespective of whether it is a private energy project, public, or even public/private, the need to ensure Energy justice must be the clear parameters.

INDUSTRY SPOTLIGHT – ENERGY SECTOR INNOVATIONS

ZOOMLION GOES GREEN BY CONVERTING 1000 DIESEL TRUCKS TO ELECTRIC POWER IN BID TO ATTAIN ZERO EMISSION

Zero Nox Inc., a renowned provider of sustainable electrification solutions for off-highway vehicles, marked a significant milestone as it celebrated the launch of its partnership with the Jospong Group of Companies (JGC), a prominent diversified holding company in Ghana.

The official signing of the Joint Venture agreement took place at ZeroNox headquarters, solidifying their collaboration to advance clean technology solutions throughout Africa. Distinguished representatives from the U.S. Legislature and the Ghanaian government were present alongside ZeroNox Co-Founder and CEO, Vonn Christenson, Co-Founder and President, Robert Cruess, COO Jason Eggett, CTO Jacob Gotberg, and to commemorate this momentous occasion. Ghana's delegation was led by the Executive Chairman of Jospong Group, Dr Joseph Siaw Agyepong. The partnership symbolizes a significant stride towards a cleaner and more sustainable future for all, driven by ZeroNox's groundbreaking technology that is revolutionizing the truck industry.

The unveiling of the world's largest fleet retrofit electrification project, coupled with the signing of a joint venture agreement between ZeroNox and the Jospong Group, marks major milestones for both companies and positions Ghana as a key hub for electric vehicle and related technology distribution across Africa. Under this agreement, ZeroNox will convert 1,000 refuse trucks owned by the Jospong Group subsidiary, Zoomlion, from gas-powered to electric-powered using the ZeroNox Electric Powertrain Platform (ZEPP).

A key highlight of the event was the unveiling of a prototype of the all-electric refuse truck - a groundbreaking achievement in the Refuse Truck Electrification Project. Ghana's Deputy Minister of Transport, Alhassan S. Tampuli, further hinted that the Ministry of Transport and the Energy Commission were in the process of rolling out key nationwide policy initiatives to oversee the transition of combustible engines to electric vehicles.

By leveraging ZeroNox's state-of-the-art Electric Powertrain Platform (ZEPP), in converting the gas-powered refuse trucks into electric vehicles, the transition is projected to yield remarkable results, with an estimated reduction of 400,000 metric tons of CO2 emissions over a span of five years. To put this into perspective, it is equivalent to the environmental impact of 18 million fully grown trees. The initiative showcases the power of this collaboration to combat climate change and promote sustainability.

Beyond the environmental advantages, the project promises substantial financial benefits. The projected cost savings over a five-year period are estimated to reach a staggering $323 million.

Such significant savings underline the economic viability of transitioning to electric vehicles and highlight Jospong Group's foresight in investing in this transformative initiative.

This initiative forms part of a larger movement towards the gradual transition to green energy through the use of highly differentiated technology. The future of commercial vehicles is already taking shape, with manufacturers worldwide actively designing their next-generation portfolio of electric trucks.

This transformative shift towards zero-emission vehicles is driven by a range of factors that resonate with today's realities. Stricter environmental regulations, government support through incentives, and the rising costs of energy are compelling the industry to embrace electric truck technology. This progressive response signifies a shared commitment to shaping a more sustainable future, where cleaner and more efficient transportation solutions take center stage.

As the commercial vehicle sector continues to evolve, these endeavors signify an encouraging and relatable transition towards a greener and more socially responsible mode of transport.

The use of electric trucks in Africa is still in its early stages, but there are indications that the continent is gradually catching up with other parts of the world. While Europe and North America have witnessed a substantial surge in electric truck adoption in recent times, Africa has been relatively slower in embracing this technology.

Nonetheless, the electric vehicle market in Africa is projected to experience an impressive growth rate of 32.9% between 2020 and 2025, indicating a promising future for electric trucks in the continent's transportation sector. As of 2019, there were only 100 registered electric trucks across Africa, as reported by the International Energy Agency. Despite this, some African countries are making notable progress in this area.

For instance, South Africa currently has around 350 electric trucks in use, with the government aiming to have 5,000 electric vehicles on the roads by 2025. Kenya has also introduced a fleet of 25 electric lorries, while the Moroccan company Société Nationale des Transports et de la Logistique (SNTL) has launched a fleet of 16 electric trucks for its logistics operations.

Despite the notable progress in some African countries, there are still significant challenges hindering the widespread adoption of electric trucks across the continent. One of the primary obstacles is the limited availability of charging infrastructure.

A prime example is Kenya, where the entire country currently has only 44 public charging stations for electric vehicles. This scarcity of charging infrastructure makes it inconvenient for electric truck owners to recharge their vehicles, particularly for long-haul journeys.

Another challenge is the relatively high cost of electricity in Africa compared to the global average. The elevated electricity prices can make charging electric trucks more expensive, impacting the operational costs for businesses and potentially deterring potential adopters.

Addressing this cost disparity and finding ways to make electricity more affordable for charging electric trucks is crucial for encouraging wider adoption. To tackle these challenges and promote the use of electric trucks in Africa, various initiatives and goals have been established.

The African Development Bank has launched the "Green Baseload" program, which focuses on promoting the use of renewable energy in the transportation sector, including the charging infrastructure for electric vehicles. This program aims to overcome the lack of charging infrastructure by supporting the development of renewable energy sources that can power electric trucks.

Furthermore, the African Union has set a goal of achieving 100% electric mobility across the continent by 2035. This ambitious target encompasses the adoption of electric trucks as a vital component of the overall electrification efforts. Meeting this goal would require substantial investments in charging infrastructure, renewable energy generation, and supportive policies.

In conclusion, the electrification truck partnership between the Jospong Group and ZeroNox represents a significant step towards a new future in Africa—one that prioritizes sustainability and environmental responsibility without compromising vehicle performance.

PAST EVENTS

2023 GREEN GHANA DAY CELEBRATED

The President of Ghana, Nana Addo Dankwa Akufo-Addo, on the 9th of June 2023 at the University of Ghana kickstarted a series of tree planting activities across the country as part of the annual Green Ghana Day celebration in 2023.

Collaborating with the Ministry of Lands and Natural Resources, this marks the third consecutive year that the President had actively participated in and launched the tree-planting campaign.

The theme for this year's event was "Our Forests, Our Health," highlighting the importance of forests in maintaining the well-being of the nation. In its first edition, the target was to plant five million trees, but the participants' dedication and enthusiasm exceeded expectations, resulting in over seven million trees being planted. Building on this success, last year's Green Ghana Day achieved an even greater milestone, with over 26 million trees planted, surpassing the initial goal of 20 million.

The President in his speech emphasized the significance of Green Ghana Day as a crucial step towards addressing the depletion of forest resources and combating climate change. He acknowledged that the current global environmental challenges pose a threat to humanity and the planet itself, underscoring the need for urgent action.

The President recognized that the climate crisis impacts various aspects of society, including health, livelihoods, security, and the prospects for future generations. He highlighted those human activities, particularly the emission of greenhouse gases, are the primary drivers of this crisis.

However, His Excellency reassured the nation that the government remains fully committed to protecting Ghana's environment and its people. He emphasized the importance of Ghana's contribution to global efforts in mitigating climate change and ensuring a sustainable future.

INAUGURAL NATURAL RESOURCE STAKEHOLDER DIALOGUE HELD

President Nana Addo Dankwa Akufo-Addo has highlighted the importance of national and regional discussions in addressing the issue of illegal small-scale mining, commonly referred to as galamsey. He emphasized that without these dialogues, the situation would have been considerably more severe.

Despite initial objections that the dialogues would be wasteful and unproductive, the President defended their significance during his speech at the inaugural Natural Resource Stakeholder dialogue on the 11th day of May 2023, organized by the Graphic Communications Group Limited (GCGL) in collaboration with the Ministry of Lands and Natural Resources.

The event brought together experts, policymakers, industry representatives, and members of the public.

He recognized that significant measures arose from these dialogues, playing a pivotal role in addressing the galamsey problem and averting a more dire scenario.

Nevertheless, the President underscored the continued necessity for increased action, as illegal mining persists despite the advancements made. The Natural Resources Stakeholder Dialogue served as a forum not only to tackle galamsey but also to deliberate on the wider issues concerning the governance and utilization of Ghana's natural resources. The President emphasized that while mining companies should be profitable, it should not be achieved at the cost of the land and its inhabitants.

The President further highlighted that the government's primary objective is to encourage value addition in the natural resources industry and guarantee that the maximum value of these minerals remains within Ghana.

President Akufo-Addo concluded by reassuring stakeholders that the government would not make concessions on environmentally responsible practices and its optimal benefits for the people of Ghana.

MAIDEN ENVIRONMENTAL SUSTAINABILITY SUMMIT LAUNCHED

In a gathering of experts, policymakers, and stakeholders, the Environmental Sustainability Summit 2023 was held on June 21, 2023.

Organized by the Business & Financial Times, the summit provided a platform for global leaders to discuss climate change, foster knowledge sharing, and collaborate on building sustainable food systems and protecting the environment.

In a gathering of distinguished guests representing diverse sectors and nations, the Environmental Sustainability Summit took place at the Alisa Hotel in Accra. Under the theme "Climate Change and its Influence on Food Systems and Sustainable Environment," the event underscored the urgent need for decisive action through reforms to combat the adverse effects of climate change and promote resilient agricultural practices.

These reforms discussed encompassed essential changes in trade, regulations, market structure, and financial sector policies, with the potential to stimulate substantial private sector investment in resilience-building.

The outcomes of the summit are expected to serve as a guide for governments, businesses, and stakeholders in implementing effective measures to combat climate change, protect the environment, and secure a sustainable future for the nation and the region.

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