

Communique for the 11th Sustainability in the Extractive Industries Conference 2022

Theme: Holistic Inclusion in the Extractive Industries

On Tuesday, 22 November 2022, CSR-in-Action, in collaboration with key partners, including the ministries of Petroleum Resources, Mines and Steel Development and Environment, Nigeria Extractive Industries Transparency Initiative, Ford Foundation and Zenera Consulting, organised the 11th Sustainability in the Extractive Industries (SITEI) Conference, themed: 'Holistic Inclusion in the Extractive Industries'. This theme primarily seeks to explore the reforms that are possible with the implementation of national government and multilateral best practices recommendations for mineral resources exploration such as the Petroleum Industry Act (PIA) and the Mining Act, with a focus on how the accruable benefits for suppliers, women, youth, business and communities' are equally advanced.

The extractive industries have been a major driver of economic growth, revenue, and development in Nigeria. The oil and gas, mining and even the agricultural industries in Nigeria, however, have been plagued with conflict, inequity, environmental degradation, corruption and opacity. Various restructuring efforts have been made without sustainable results to provide a legal, governance, regulatory and fiscal framework for the sector.

The stakeholders in the extractive industries, like government agencies, investors, retailers, final users, and local community members, are



increasingly becoming aware of the need for the industries to demonstrate more structured action and transparency on environmental, social, and governance (ESG) issues. While ESG factors have affected a general range of industries, the extractive industries have huge and unique environmental, social, and governance risks that can no longer be ignored.

Although some players in the extractive sector have developed formal and informal commitments and

management systems to address the myriads of ESG issues, what is generally lacking is cohesion across operations, particularly amongst contractors, consultants, vendors and suppliers. If properly and systematically implemented, the PIA, with its shortcomings, can be the precursor of a gold standard for the extractive sector, with some level of defined processes for the various aspects of the industries, economic and social development of host communities, environmental remediation, and the opportunity for a business environment conducive for oil and gas operations to thrive in the country.

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The Conference, as usual, featured notable industry experts including Teshome Nkrumah, Deputy High Commissioner, Deputy High Commission of Canada; Idris Musa, Director General/Chief Executive, NOSDRA; Alero Onosode, Chair, Diversity Social Working Group; the Nigerian Content Development and Monitoring Board (NCDMB); Olayinka Mubarak, Group Head, Solid Minerals & Metals, Bank of Industry; Victoria Ibezim-Ohaeri, Executive Director, Spaces for Change; Hon. Dr. Okezie Kelechukwu, Executive Director, Neighbourhood Environment Watch (NEW) Foundation, Mrs. Ifeoma Uz'Okpala, Group Head, ESG and Other Non-Financial Risks, Bank of Industry, Dr. Franklin Ngwu, Director of Sustainability Centre and an Associate Professor of Strategy, Corporate Governance and Risk Management, Lagos Business School, Prof. Zacheus Opafunso, Registrar/CEO, Council of Nigerian Mining Engineers, and Geoscientists (COMEG), and Bolariwa Onaolapo, Energy Sector ESG Consultant, all of whom spoke across two panel sessions. The first panel session was themed: 'The Petroleum Industry and Mining Acts and Their Relevance to Business Sustainability' while the second was themed: 'Embedding ESG Practices in the Extractive Industries' Value Chain'.



At the 2022 SITEI Conference, the fourth annual Community and Human Rights (CAHR) Awards was held, with awards presented to deserving individuals and organisations that have made significant contributions to community development, human rights, environmental protection and responsible leadership across Africa.

The challenges

Several critical issues raised for immediate attention during deliberations at the Conference are highlighted below:

- Pollution management: There remain concerns around pollution by the extractive industries, how they are perceived, and why pollution continues to occur
- Women inclusion and leadership: Opportunities for women from host communities in decision-making continue to be undermined
- Diminished robustness of the PIA: The Petroleum Industry Act is not categorical in its empowerment of host communities
- Insecurity: While there are historic issues with security in oil and gas, there was particular concern for the burgeoning issues of insecurity in the Nigerian mining industry.
- Poor ESG practices in institutions: There appears to be an impediment to ESG entrenchment in the different levels of government and organisations. And speakers called for increased investment in environmental, social and corporate governance practices in the industries.

SITEI 2022 Recommendations

1. Need for proper and iterative community engagement. There are problems of corruption and conflict of interest in organisations that make community engagement difficult, and that need to be addressed to end the issues of vandalism and further pollution. Gender inclusivity will also reduce the risk of sabotage, as women will contribute to decisions that prevent the 'birthing' of saboteurs and terrorists, and will be worthy contributors to family finances. Engagement and inclusion will equally give room to the youth at the decision-making table.

2. Attitudinal and mindset change for women. For women to own a share of resources or to partake in decision-making, there is the need for a demonstration of value. Women need to learn to network for advancement, starting through a change in the mindset of girls in the communities. If the voices of the women are heard, so will those of the youth and children.
3. Protection of ancestral land. There is the need to make sure that land in host communities are better protected and not arbitrarily confiscated by the government or other third party. Host communities should be encouraged to continue to push and advocate for better policies around ownership.
4. Harmonisation of national standards to ensure proper oversight of companies engaged in the sector. There was a call for documents like CSR-in-Actions, [Community Engagement Standards \(CES\)](#) to be made available to businesses, governments and host communities in order that best practice is pursued for harmony.
5. Systemic inclusion. The Nigerian government needs to systematically include civil society, women and vulnerable groups for increased sustainability and enhanced accountability.
6. ESG management benefits awareness for institutions. ESG narratives need to be told from the perspective of long-term benefit for organisations. Engaging stakeholders from the angle of their self-interest is important.
7. Capital commitment to ESG. Capital allocation is paramount for an organisation to commit to ESG practices, which is linked to C-Suite level commitment. ESG requires leadership commitment to sustainability goals. Mainstream ESG oversight roles into the existing governance board in organisations.
8. Strategic level embedment. Strategy statements of organisations have to address ESG matters. Companies must go beyond ambiguity in their strategy statements, such that a commitment to ESG is seen across your value chain.
9. Capability development within the organisation. Organisations need the capacity and expertise to address ESG concerns.
10. Determine relevant disclosures. Disclosures are a key driver of ESG performance in a sector/organisation. There are mandatory and

voluntary disclosures. Companies need to look at disclosures/standards that are applicable to their activities and build capacity over a period of time to enable fuller compliance. Examples of guidance standards include the Global Reporting Initiative (GRI) Standards, the International Financial Reporting Standards (IFRS), etc.

11. Leverage indigenous methods. Businesses should take advantage of opportunities linked to local knowledge and indigenous technologies to make the extractive industries safer and more inclusive.
12. Wider stakeholder management and acculturation. Companies need to identify the challenges they experience with different stakeholder groups (government, suppliers, communities, etc.) and work towards addressing these, in order that they maintain cordial relations. The function of the human capital department must not be underestimated; as important as strategy is to ESG application, its integration is highly dependent on organisational culture.
13. Partnership for development. Collaboration with other stakeholders and watchdogs like the media, CSOs and NGOs to drive discussions around ESG need to continue.

The conversations ended with kudos to the organiser, CSR-in-Action, with panelists and speakers advising companies looking to begin their ESG journey to visit resources such as the Organisation for Economic Co-operation and Development (OECD) Standards, United Nations Global Compact (UNGC) and the CSR-in-Action-developed Community Engagement Standards. Continued collaborations are expected as CSR-in-Action works with interested entities such as Ford Foundation, Council of Nigerian Mining Engineers and Geoscientists (COMEG) and Lagos Business School (LBS) to address some of the challenges highlighted within the 2022 Conference.

Signed:

For: SITEI Steering Committee



Meka Olowola
Chairman, SITEI Organising Committee