CORPORATE GOVERNANCE -BOARDS OF PARTNERSHIPS AND STATE OWNED ENTITIES IN MINERALS, OIL AND GAS INDUSTRIES "A PERSONAL PERSPECTIVE BY SHEILA KHAMA"

Chapter 8: Conclusions

Much of the content of this book draws from my personal experiences and may not resonate with everyone. Nonetheless, I hope each reader found something useful. On the other hand, just as no two companies are the same, no two boards nor countries are the same. So, I am alert to the fact that there is no single size that fits all. But I also recognize that there are many common challenges and common occurrences. In this book I focused mainly on the commonalities and not outliers.

On the other hand, I am mindful that gender and race are important and topical issues of our modern-day discourse. Just as the issue of gender parity in recent times has been more readily and openly discussed in other areas of society, women in boardrooms have been discussed under the broad subject of diversity. Nevertheless, the world of boardrooms remains largely male and white. In some cases, women are still expected to behave like men as a measure of their competency while at the same time being faulted for being too aggressive and masculine.

On race and gender, let me say that for the eighth years I was compliance officer for Anglo American Company in Botswana, in all but one of the twenty companies I was the only female in the boardroom. In the three years I was a member of the executive team at First National Bank of Botswana, I was the only female member of the team. I was the first female CEO of the De Beers Botswana office serving on ten boards. All but one of my De Beers colleagues with whom I represented the Group on these boards were for the longest time male and white. That said, for the three positions referred to in this paragraph, I was recruited and/or promoted by white males. So, I have been at the intersection of both matters for some time now and know the line of divide is not always obvious and nor the remedies readily available.

I do, however, realize that times change, issues evolve and progress is made however modest. For instance, according to Rueters, *"Twenty-seven percent of new directors at companies in the Russell 3000 Index were women during 2016-2018, up from 21% in the previous three-year period, according to estimates by ISS Analytics in an analysis for Reuters News. In 2018 alone, the figure was 32%."*[1] Though women are still underrepresented, in the USA their gains have been more substantial than those of African-Americans and Latinos. These groups comprised only 5% and 2%, respectively, of new directors in 2016-2018, little changed from the previous three-year period. In this respect, minerals, oil and gas companies are no exception though, of the top five that I reviewed in August 2020, oil companies fared better than their mining counterparts.
But the advancement of Anglo-Saxon females is not surprising, given work of advocacy and interest groups. For instance the influence of the guidelines by the UK's Hampton Alexander and scrutiny from the Club of 30%, on gender parity in recent years is apparent. The Club of 30% companies that are also on the FTSE perform well on gender diversity. Most importantly because the companies are influential, they can set the tone for others. Germany has taken a step toward requiring what has not happened voluntarily: putting women on the management boards of the country's largest companies. But European women are about to get another shot in the arm. According to media reports, on January 13th January 2021, Germany's cabinet approved a draft law that would require listed companies with executive boards of more than three members to have at least one woman. The rule would affect about 70 companies – of which some 30 currently have no women at all on their management boards. The draft law was expected be passed by Germany's parliament. It is reasonable to assume other EU countries

[1] us-usa-directors-diversity/diversity-in-the-man-cave-boardrooms-gain-women-as-minorities-lag-

will follow in the footsteps of the region's largest economy further benefiting women in the region.

Though there are initiatives for networking, recruiting and developing the skills of prospective directors in parts of Africa, my brief desk review did not identify a regional equivalent to the Club of 30% or similar initiative intended to lobby for African regional nominees the same way Europe has initiatives to advance women. But the effects of the UK and EU initiatives as relates to gender diversity on boards imply that corporate uptake on matters of diversity is impacted by the external pressure. Pressure is brought to bear differently including through a combination of professional advocacy work and legislative reforms. Looked at another way, the absence of such regional initiatives in Africa might be the basis for the lack of representation referred to above. This is to say, if the UK initiatives have influenced the rise of women appointees, then one can safely assume that the absence of similar regional Africa initiatives by large and influential corporations might explain poor representation at global level. (For those interested in the subject matter I wrote a more detailed opinion piece on the matter in the Chatham House magazine in October 2020).[2]

It is therefore worth recognizing that while the matter of appointees to a board of directors is a strategic decision that must be driven by the strategic and competency requirements of a board, it is worth being factoring the changing diversity dynamic into the bigger picture. Specifically, as part of a company's external business environment public sentiment (and expectations), by consumers and regulators cannot be ignored. In this respect, while the world debates the subject of inclusion, if the few boards of top mining and petroleum companies that I have looked at are anything to go by, there is a glaring diversity gap. That gap is, in my view, the regional dimension. Given the 2020 racial debate the absence of African faces in the boardrooms of large companies, opens up the companies to some public criticism and leadership of the companies would do well to get ahead of this risk. Quite apart from avoiding criticism, it seems to me that such strategic decisions are more sustainable when driven from within a company instead of being driven by external forces. No doubt many boards of companies recognize and accept this reality. For companies that heed the call, they will reap the benefit of foresight. However, in a world that just keeps changing, the challenge to corporate leaders is, what is a sustainable response to such problems?

END

[2] https://www.chathamhouse.org/publications/the-world-today/2020-10/boardrooms-need-local-voices