ZIMBABWE
SCANLEN AND HOLDERNESS LEGAL PRACTITIONERS

FIRM INFORMATION

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ZIMBABWE I SCANLEN AND HOLDERNESS LEGAL PRACTITIONERS

1. SETTING THE SCENE - SOURCES AND OVERVIEW

1.1 Main substantive ESG-related laws in the Republic of Zimbabwe ("Zimbabwe")

1.1.1 The main substantive ESG-related law in Zimbabwe is contained in the -

1.1.1.1 Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules ("**Listing Rules**"), which, inter alia, requires companies to disclose ESG related metrics across economic, environmental, and social dimensions, including tax transparency, emissions, and workforce diversity.

1.1.1.2 Statutory Instrument 134 of 2019, which was issued by the Securities and Exchange Commission, which mandate all publicly listed companies on the Zimbabwe Stock Exchange and Victoria Falls Stock Exchange to report on ESG related matters.

1.1.2 Other pertinent ESG-related laws in Zimbabwe include the -

1.1.2.1 Environmental Management Act (Chapter 20;27) ("**Environmental Management Act**"), which, inter alia, makes provision for the sustainable management of natural resources and the protection of the environment that requires environmental impact assessments, pollution control, and corporate accountability to ensure that development projects align with environmental protection standards;

1.1.2.2 Mines and Minerals Act (Chapter 21;05) ("**Mines and Minerals Act**"), which, inter alia, governs the exploration and extraction of mineral resources, requiring mining companies to conduct environmental impact assessments and comply with environmental standards under the Environmental Management Act. It also promotes social responsibility through community engagement and mandates regulatory oversight of mining rights to ensure transparency and accountability.;

1.1.2.3 Constitution of Zimbabwe, which, inter alia, embeds ESG-related principles by guaranteeing every person the right to a clean and healthy environment and mandating the state to promote sustainable development and prevent ecological degradation. The Constitution of Zimbabwe also upholds socio economic rights such as access to water, health, and education, while reinforcing governance through transparency, accountability, and public participation in environmental matters; and

1.1.2.4 Freedom of Information Act (Chapter 10;33), which, inter alia, supports ESG related principles by granting citizens and permanent residents of Zimbabwe the right to access information held by public institutions, including data on environmental impact, social development, and governance practices. It enhances transparency and accountability by requiring proactive disclosure and enabling public oversight of both government and corporate activities.

1.2 ESG disclosure requirements in Zimbabwe

1.2.1 The Listing Rules prescribe the information to be disclosed by listed companies in Zimbabwe, which includes the listed company's sustainability policy, the manner in which the company mitigates risks and sustainability performance data. In 2023, the Zimbabwe Stock Exchange introduced minimum ESG disclosure metrics, which came into effect on 1 January 2024. The objective of the ESG disclosure metrics was to enhance compliance and standardisation of ESG standards that must be adhered to by listed companies. The disclosures are classified under economic disclosures, environmental disclosures, social disclosures and governance disclosures. Under economic disclosures, companies are required to report on, inter alia, the -

1.2.1.1 economic performance with the metric being economic value generation and distribution;

1.2.1.2 indirect economic impacts with the metric being funding to income generating projects for local communities; and

1.2.1.3 procurement spending with the metric being amount spent on local suppliers and foreign suppliers.

1.2.2 Under environmental disclosures, listed companies are required to report on, inter alia, the -

1.2.2.1 materials used in manufacturing primary goods or provision of primary services;

1.2.2.2 energy consumption- petrol, diesel, coal and electricity;

1.2.2.3 water consumption;

1.2.2.4 waste generated; and

1.2.2.5 emissions in the form of tonnes of carbon dioxide through direct and indirect emissions.

1.2.3 Under social disclosures, listed companies are required to report on, inter alia, -

1.2.3.1 employment which entails head count of employees recruited and turnover;

1.2.3.2 occupational health and safety incidents;

1.2.3.3 training and education for employees;

1.2.3.4 gender diversity in employees;

1.2.3.5 local community with the metric being development programmes supported by the company.

1.2.4 Under the governance disclosures, listed companies are required to report on, inter alia, -

1.2.4.1 board composition with emphasis on board diversity;

1.2.4.2 board committees and delegation of responsibility to committees;

1.2.4.3 collective knowledge of the board with the metric being qualifications and experience of board members; and

1.2.4.4 compliance with laws and regulations involving disclosure of non-compliance incidences or litigations.

1.2.5 At policy level in Zimbabwe, the Zimbabwean Government is planning to develop an ESG policy for the mining sector. Draft amendments to the Mines and Minerals Act has been proposed to legislate for Responsible Mining Standards to ensure that beyond submission of monthly production returns, mining companies will be required to provide information on the manner in which such companies will comply with specified ESG metrics.

1.2.6 Companies in Zimbabwe are recommended to use widely accepted standards such as the Global Reporting Initiative ("**GRI**") to structure their ESG systems and institute transparency mechanisms of ESG-related reporting as a pathway to international best practise.

1.2.7 The Public Accountants and Auditors Board ("**PAAB**") is making inroads to enforce implementation of International Financial Reporting Standards ("**IFRS**") Sustainability Disclosure Standards, which will require listed companies in Zimbabwe to adopt IFRS in their reporting processes, which will require reporting on sustainability processes.

1.2.8 In Zimbabwe, there are also unlisted companies that are reporting on sustainability as a result of their parent companies being listed on foreign stock exchanges which make ESG-related reporting a mandatory requirement in the same manner as the Zimbabwe Stock Exchange. These are largely mining companies in Zimbabwe such as Mimosa, Unki and Zimplats.

1.3 Compulsory versus discretionary ESG-related disclosures in Zimbabwe, and the frequency of such disclosures

In relation to listed companies in Zimbabwe, ESG-related disclosures are compulsory. The disclosures include the listed company's sustainability policy, risk mitigation measures, positive and negative impacts on the environment and society, how the company relates to its stakeholders and contributes to sustainable development. The compulsory disclosures must be made at least once a year when the company publishes its annual report. In relation to unlisted companies in Zimbabwe, disclosure is voluntary. Local companies which are subsidiaries of foreign listed companies whose jurisdictions require disclosures are also obliged to make the requisite ESG-related disclosures.

1.4 If ESG-related disclosures are discretionary, are compulsory ESG disclosures being considered by the regulators in Zimbabwe and is it envisaged that such disclosures will, at some stage, become compulsory?

Disclosures are compulsory for listed companies in Zimbabwe. Zimbabwe is also moving towards making disclosures compulsory for all mining companies located in Zimbabwe given their impact on the environment. It is likely that disclosures will be mandatory for all businesses and in particular extractive industries located in Zimbabwe.

1.5 Significant private sector initiatives relating to ESG-related laws and/ or disclosures in Zimbabwe

There are several notable private sector initiatives in Zimbabwe that promote ESG related laws and disclosures, driven by sustainability goals, international investor expectations, and reputational considerations. Private sector actors are proactively aligning with global ESG-related norms, often exceeding local legal requirements. In this regard, we mention the following companies as examples -

COMPANY	ESG INITIATIVES
Econet Wireless Zimbabwe Limited:	Publishes sustainability updates aligned with sustainable development goals; engages in renewable energy (via Distributed Power Africa); focuses on data security and digital access.

Delta Corporation Limited:	Integrated reports aligned with International Integrated Reporting Council; ESG focus on water use, emissions, and responsible alcohol marketing, local procurement, local community support and empowerment of local businesses.
Zimplats a (subsidiary of Implats)	Extensive ESG reporting aligned with GRI, the International Council on Mining and Metals, and the Sustainability Accounting Standards Board; strong focus on community investment, safety, and environmental stewardship.
CBZ Holdings	Began aligning annual reports with ESG principles and incorporates governance reforms and social impact financing.

2. PRINCIPAL SOURCES OF ESG PRESSURE

2.1 Investor and Asset/ Investment Manager Perspectives on ESG Compliance and Influence Strategies

In Zimbabwe, the views of investors and asset/ investment managers on ESG compliance are increasingly supportive, particularly among institutional investors and those with international linkages. However, practical implementation varies widely across the market due to local economic challenges, regulatory uncertainty, and differing levels of ESG awareness and capacity.

INVESTOR/ MANAGER	ESG ACTIONS/VIEWS
Old Mutual Zimbabwe	Applies ESG investment principles; discloses climate and sustainability strategy; supports green energy projects.
Datvest Asset Management	Incorporates ESG in infrastructure and property portfolios; conducts ESG-related risk analysis.
FBC Holdings	Has begun integrating sustainability in risk management and lending practices.
Imara Asset Management	Offers ESG-screened investment products for international clients.
Local pension funds	Some are adopting ESG frameworks for long-term asset protection, particularly in relation to environmental risks like drought and deforestation.

In Zimbabwe, the trajectory of investor sentiment is pro-ESG, particularly among leading institutional investors, Development Finance Institutions (“**DFIs**”), and multinational-linked managers. While local ESG regulation remains light, investors increasingly exert soft influence through investment conditions, technical support, and due diligence processes.

However, broader ESG adoption faces persistent challenges, including weak regulatory enforcement, economic volatility, and limited capacity, especially among small and medium sized enterprises and local investors. Advancing ESG alignment will require targeted policy reforms and improved investor education to bridge these gaps.

2.2 Stakeholder Influence on ESG Compliance

The views of non-investor stakeholders in Zimbabwe, such as funders, shareholders, development partners, civil society, and regulators toward ESG compliance are increasingly supportive, though often unevenly applied in practice. Their influence is shaped by Zimbabwe’s developmental context, international funding dependencies, and a rising global push for responsible business conduct.

2.3 Principal regulators of ESG compliance in Zimbabwe and their focus areas

2.3.1 Zimbabwe’s ESG regulatory landscape is fragmented but evolving. The principal regulators pressing ESG issues are -

2.3.1.1 Environmental Management Agency (“**EMA**”) - Environmental governance and climate resilience;

2.3.1.2 Zimbabwe Stock Exchange (“**ZSE**”) - Transparency and governance;

2.3.1.3 Reserve Bank of Zimbabwe (“**RBZ**”) - Sustainable finance and risk; and

2.3.1.4 Zimbabwe Anti-Corruption Commission (“**ZACC**”) - Anti-corruption and ethics.

2.3.2 While enforcement is strongest in environmental protection, momentum is growing for integrated ESG regulation, especially in capital markets and finance. These regulators are likely to play a critical role in shaping Zimbabwe’s ESG future.

2.3.3 Environmental compliance is the most actively enforced ESG element (via EMA).

2.3.4 Corporate governance and anti-corruption are gaining traction (via ZACC and ZSE).

2.3.5 Social inclusion, climate resilience, and sustainability reporting are encouraged but largely voluntary beyond the requirements applicable to listed companies.

2.4 Liability and Penalties for ESG Non-Compliance: Piercing the Corporate Veil

While penalties do exist, they are generally regulatory and sector-specific rather than governed by a unified ESG framework. Examples include -

2.4.1 EMA - Fines, project suspension, or imprisonment for breaches of environmental regulations.

2.4.2 ZACC - Criminal liability for corruption and violations of corporate governance.

2.4.3 ZSE - Sanctions against listed companies, such as trading suspension for governance failures

In addition, directors may incur personal criminal and civil liability for grossly negligent acts or omissions in the management of company affairs.

2.5 Material ESG Enforcement Actions in Zimbabwe

2.5.1 EMA

2.5.1.1 2023: Several small-scale mining operations were shut down for operating without Environmental Impact Assessments ("**EIAs**").

2.5.1.2 2022: A sugar manufacturing plant was fined and ordered to rehabilitate surrounding wetlands due to environmental violations.

2.5.2 ZACC

Ongoing investigations into procurement irregularities involving parastatal boards, including entities such as NSSA and ZINARA.

2.5.3 ZSE and RBZ

As of 2024, no ESG-specific enforcement actions have been reported under the newly implemented mandatory requirements.

2.6 ESG Litigation Risks and Emerging Legal Exposure

Greenwashing is emerging as a key litigation risk, particularly as companies accelerate efforts to meet ESG requirements and present themselves as compliant. Environmental damage claims, such as those brought by communities against mining operations or for water pollution, are also notable risks. Governance-related litigation, including claims for breach of fiduciary duties and mismanagement, continues to be relevant.

Greenhushing has not yet surfaced as a significant legal issue in Zimbabwe. While there have been no major ESG-related civil litigation cases to date, such actions are likely to arise as disclosure expectations increase, particularly from DFIs, the ZSE, and international investors.

2.7 Key ESG Compliance Concerns in Zimbabwe

The principal proponents of ESG compliance, namely DFIs, investors, regulators, and civil society, have identified several pressing concerns, such as -

2.7.1 regulatory gaps - ESG reporting is not mandated across all sectors, resulting in inconsistent compliance;

2.7.2 weak enforcement - existing environmental and governance laws, particularly in mining and agriculture, are poorly enforced;

2.7.3 governance failures - persistent issues of poor corporate governance in both parastatals and certain private entities;

2.7.4 economic constraints - a challenging macroeconomic environment hinders businesses from adopting voluntary ESG practices;

2.7.5 corruption and transparency - ongoing concerns around opaque procurement processes and weak board governance; and

2.7.6 limited awareness and capacity - many local companies lack sufficient understanding and internal capacity to implement ESG standards effectively.

2.8 Shareholder Activism Triggered by ESG Non-Compliance

Shareholder activism remains limited but is steadily gaining traction, particularly among foreign investors and development finance institutions (DFIs). Key areas of focus include -

2.8.1 Advocating for ESG-aligned reporting and integrated sustainability disclosures.

2.8.2 Exerting pressure on boards of directors to enhance internal controls and uphold ethical governance standards.

2.8.3 Calling for divestment from companies implicated in corruption, human rights violations, or environmental harm.

Private equity firms and DFIs increasingly incorporate ESG conditions into investment agreements and have demonstrated a willingness to withdraw funding in cases of non compliance.

3. ENVIRONMENTAL METRICS AND GOALS

3.1 Carbon Footprint Disclosure Requirements: Scope 1, 2 and 3 Emissions

3.1.1 Mandatory Reporting for Listed Entities: As of 1 January 2024, all companies listed on the ZSE and the Victoria Falls Stock Exchange ("**VFEX**") are required to include sustainability disclosures in their annual reports. These disclosures cover energy consumption, water usage, waste generation, and greenhouse gas emissions.

3.1.2 International Alignment: Reporting is guided by global frameworks such as the GRI and the IFRS Sustainability Disclosure Standards, which encompass Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (all other indirect emissions across the value chain).

3.1.3 Voluntary for Non-Listed Companies: Entities not listed on the ZSE or VFEX are not legally obligated to report carbon emissions. However, voluntary disclosure is encouraged, particularly for organisations seeking international investment or partnerships.

3.1.4 Regulatory Oversight: The Zimbabwe Energy Regulatory Authority ("**ZERA**"), established under the Zimbabwe Energy Regulatory Authority Act [Chapter 13:23], plays a role in overseeing energy-related matters, including aspects of emissions reporting.

3.2 Emissions Reduction Targets and Enforcement in Zimbabwe

3.2.1 National Commitment

Zimbabwe has pledged to reduce greenhouse gas emissions by 40% by 2030, compared to a business-as-usual scenario. This represents an update from its initial commitment of a 33% reduction under its Nationally Determined Contributions ("**NDCs**").

3.2.2 Sectoral Priorities

3.2.2.1 Energy: Transition to renewable energy sources.

3.2.2.2 Agriculture and Forestry: Adoption of sustainable land-use practices.

3.2.2.3 Waste Management: Improvement of waste processing and recycling systems.

3.2.3 Policy Instruments

3.2.3.1 National Renewable Energy Policy ("**NREP**"): Targets an installed renewable energy capacity of 1,100 MW by 2025 and 2,100 MW by 2030, excluding large hydropower projects.

3.2.3.2 Carbon Trading Regulations (2025): Under Statutory Instrument 48 of 2025, the Zimbabwe Carbon Market Authority (i.e. ZiCMA) was established to regulate carbon trading activities.

3.2.4 Enforceability

While these targets form part of Zimbabwe's international obligations under the Paris Agreement, there are currently no binding regulations requiring companies to meet specific emissions reduction targets. As such, no penalties are prescribed for non compliance at the corporate level.

3.3 Sector-Based Environmental Disclosure Requirements

3.3.1 In Zimbabwe, sustainability reporting is generally required for listed companies, with minimum disclosures covering water usage, waste generation, and other environmental impacts. These requirements are embedded in broader ESG reporting obligations and vary significantly across sectors based on environmental risk and operational footprint.

3.3.2 High-Impact Sectors such as Mining

3.3.2.1 Environmental Management Act [Chapter 20:27]: Requires EIAs for mining projects, addressing water use, waste management, pollution control, land rehabilitation, and social impacts.

3.3.2.2 Mines and Minerals Act [Chapter 21:05]: Obligates applicants for mining leases to submit detailed development and operational plans, including environmental impact assessments and mitigation strategies.

3.3.2.3 Water Act [Chapter 20:24]: Regulates water abstraction through a permit system, particularly relevant to mining operations due to their high water usage.

3.3.3 Other Sectors

3.3.3.1 Environmental Management (Effluent and Solid Waste Disposal) Regulations, 2007: Apply to industries generating waste, requiring licensed disposal methods and compliance with environmental standards.

3.3.3.2 Listed Companies (ZSE and VFEX): As of January 2024, all listed entities must include sustainability disclosures in their annual reports, covering energy consumption, water usage, waste generation, and emissions.

3.3.4 Reporting obligations are proportionate to the environmental impact of the sector. High-impact industries such as mining and agriculture face more stringent requirements, while low-impact sectors (e.g. digital services) are subject to lighter or voluntary reporting frameworks

3.4 Statutory Obligations for Renewable Energy and Efficiency Reporting

3.4.1 Current Statutory Framework

3.4.1.1 Electricity Act [Chapter 13:19] and Electricity Licensing Regulations: Entities operating electricity generators with a capacity exceeding 100kW are required to obtain a licence from ZERA. Although the licensing process includes technical assessments, it does not currently mandate the measurement, monitoring, or disclosure of renewable energy usage or energy efficiency performance.

3.4.1.2 NREP: This policy provides strategic direction for promoting renewable energy adoption and sets capacity targets. However, it does not impose mandatory reporting obligations on organisations regarding energy usage or efficiency metrics.

3.4.2 Anticipated Developments

While there is no legal requirement at present for organisations to measure or disclose renewable energy usage and energy efficiency, the government's commitment to sustainable energy transition suggests that such obligations may be introduced in future regulatory updates. particularly in alignment with international climate reporting standards and carbon market developments.

3.5 Biodiversity Disclosure Obligations in Operations and Supply Chains

3.5.1 Current Legal Framework

There is no statutory requirement in Zimbabwe for organisations to measure, monitor, or disclose biodiversity impacts across their operations or supply chains. While environmental legislation such as the Environmental Management Act [Chapter 20:27] addresses biodiversity indirectly, particularly through EIAs for high-impact sectors like mining and agriculture, it does not impose specific biodiversity reporting obligations on companies.

3.5.2 Anticipated Developments

Given Zimbabwe's commitments to sustainable development and increasing alignment with international ESG standards, it is anticipated that biodiversity-related disclosure requirements may be introduced in the future. These could form part of broader sustainability reporting frameworks or sector-specific regulations, especially for industries with significant ecological footprints.

4. CLIMATE RISK ASSESSMENT

4.1 What physical climate risks have been identified in your jurisdiction?

Zimbabwe faces multiple physical climate risks, as outlined in its National Climate Policy (2017) and Updated NDCs, which includes -

4.1.1 Drought: increases frequency and severity, especially in the southern and central regions, impacting food security and water supply.

4.1.2 Floods and Cyclones: events like Cyclone Idai (2019) highlighted risks to infrastructure, housing and agriculture

4.1.3 Heatwaves and Temperature Rise: heatwaves have become a norm in today's climate, affecting public health energy demand and crop yields.

4.1.4 Erratic rainfall: reduces predictability of agricultural seasons, especially in communal farming areas.

4.1.5 Decreased water availability affects irrigation, hydropower generation and urban supply systems (regulated under the Water Act).

4.2 Challenges of Transitioning to a Low-Carbon Economy

Zimbabwe's commitment to a low-carbon development pathway presents several transition risks across regulatory, market, technological, reputational, and socio-economic dimensions.

4.2.1 Regulatory Risks

4.2.1.1 Enhanced enforcement of EIAs under the Environmental Management Act may increase compliance burdens.

4.2.1.2 Potential introduction of carbon pricing mechanisms or more stringent environmental regulations could affect operational costs and investment decisions.

4.2.2 Market Risks

4.2.2.1 Zimbabwean exports may face reduced competitiveness if perceived as carbon-intensive, especially in markets with strong climate policies.

4.2.2.2 Investor sentiment is shifting towards ESG-aligned markets and companies, which may divert capital away from non-compliant sectors.

4.2.3 Technology Risks

4.2.3.1 The high cost and slow uptake of clean technologies in key sectors such as energy, transport, and industry may hinder decarbonisation efforts.

4.2.3.2 Fossil fuel-reliant assets risk becoming stranded, leading to financial losses and reduced sectoral viability.

4.2.4 Reputational Risks

Failure to meet NDC targets or adhere to ESG disclosure standards could undermine Zimbabwe's credibility, deterring international investors, donors, and development finance institutions.

4.2.5 Labour and Social Risks

Without a just transition strategy, workers in carbon-intensive industries (e.g. coal mining) may face job displacement, exacerbating social and economic vulnerabilities.

4.3 Statutory Integration of Climate Risks into Enterprise Governance

No, climate risks are not yet legally mandated to be integrated into enterprise risk management frameworks or governance charters in Zimbabwe. However, both the Environmental Management Act [Chapter 20:27] and the National Climate Policy (2017) encourage organisations, particularly those in high-impact sectors, to consider climate related risks in their strategic and operational planning.

4.4 Insurance Coverage for Climate Hazards and Anticipated Exclusions

Certain insurers in Zimbabwe have begun excluding or limiting coverage for extreme weather events, such as floods and cyclones, due to escalating climate-related risks. Common exclusions include damage caused by flooding, droughts, and other "acts of God". While these exclusions are not yet standard across the insurance industry, they are expected to become more widespread as climate vulnerability increases and reinsurance pressures intensify.

4.5 Climate Adaptation Strategies by State, Business and Civil Society

4.5.1 State Initiatives

Zimbabwe has adopted several climate adaptation measures under the National Climate Policy (2017) and the National Climate Change Response Strategy (2015). Key interventions include -

4.5.1.1 deployment of early warning systems;

4.5.1.2 promotion of climate-smart agriculture;

4.5.1.3 investment in water harvesting technologies; and

4.5.1.4 distribution of drought-resistant seed varieties.

4.5.1.5 These efforts are coordinated by the Climate Change Management Department within the Ministry of Environment.

4.5.2 Business Sector

Adaptation efforts in the private sector, particularly in agriculture and mining, include -

4.5.2.1 sustainable land and water management;

4.5.2.2 water and waste recycling;

4.5.2.3 adoption of solar energy; and

4.5.2.4 conducting climate risk assessments.

However, these initiatives are largely voluntary, often driven by donor support or ESG commitments, rather than regulatory mandates.

4.5.3 Charitable Organisations

NGOs and faith-based organisations such as CARE Zimbabwe and Christian Care have implemented community-based adaptation projects, especially in drought- and flood-prone rural areas. These include -

4.5.3.1 livelihood diversification;

4.5.3.2 use of drought-resistant crops;

4.5.3.3 promotion of conservation agriculture; and

4.5.3.4 delivery of climate education programmes.

5. INTEGRATION OF ESG INTO STRATEGY, BUSINESS OPERATIONS AND PLANNING

5.1 ESG Oversight: Board and Management Responsibilities

Ultimate responsibility for ESG compliance generally rests with the Board of Directors.
While not yet a legal requirement in Zimbabwe, the Zimbabwe National Code on Corporate Governance (ZIMCODE, 2015) recommends that boards strengthen governance practices and performance. Management plays a key role by proposing updates to the organisation's ESG strategy, which the board then reviews and either approves or rejects.

5.2 Statutory Governance Mechanisms for ESG Oversight

There is currently no statutory requirement in Zimbabwe for specific governance mechanisms to oversee ESG compliance within organisations. However, several regulatory bodies play a supervisory role, including the -

5.2.1 EMA;

5.2.2 ZSE;

5.2.3 Climate Change Office within the Ministry of Environment, Climate, Tourism and Hospitality Industry; and

5.2.4 ZERA.

Within organisations, the board of directors is responsible for ensuring that an ESG policy is in place. For publicly listed companies, the board must also ensure that ESG matters are disclosed in the annual report. Management is tasked with developing the ESG policy for board approval and producing the organisation's sustainability report.

5.3 ESG-Linked Remuneration and Incentive Structures

Remuneration linked to ESG compliance is not yet widespread in Zimbabwe, but is gradually emerging, particularly among listed companies and financial institutions. Where applied, ESG metrics are incorporated into key performance indicators that influence executive bonuses or incentive schemes. These practices are typically driven by international investor expectations and alignment with ESG reporting standards, rather than domestic regulatory requirements.

5.4 Operational Integration of ESG Compliance Across Sectors

Common Examples of ESG Integration in Zimbabwean Organisations include -

5.4.1 Procurement: Preference for local suppliers and adoption of green procurement policies to support sustainability and community development.

5.4.2 Operations: Implementation of energy-efficient systems, waste management practices, and capital investment in renewable energy projects.

5.4.3 Employee Health and Wellness: Provision of medical aid, wellness programmes, mandatory leave, access to company medical facilities, and safety equipment in hazardous work environments.

5.4.4 Diversity and Inclusion: Increasingly promoted through corporate social investment policies, with a focus on gender equity in employment and remuneration.

5.4.5 Local Employment: Prioritisation of local workforce recruitment, particularly in extractive industries.

5.4.6 Community Development: Investment in local business development, including training and capacity-building initiatives.

5.4.7 Ethical Supply Chain Standards: Imposition of conditions on suppliers to uphold ethical business practices, including anti-corruption measures and prohibition of child labour.

5.4.8 Gender Equity Policies: Deliberate strategies to ensure equal employment opportunities and pay equity across genders.

5.5 Determining ESG Materiality for Disclosure and Reporting

Zimbabwe does not currently have a statutory definition or legal framework for determining ESG materiality. However, some listed companies and financial institutions voluntarily apply international standards such as the IFRS Sustainability Disclosure Standards, GRI, and Sustainability Accounting Standards Board ("**SASB**") frameworks to guide materiality assessments. Materiality is generally assessed based on the extent to which an organisation's activities impact the environment, local communities, and governance practices. Regulatory bodies such as the PAAB recommend the use of internationally recognised standards, particularly IFRS and SASB, to support consistent and credible ESG disclosures

5.6 Board and Management Adaptation to ESG Oversight Requirements

5.6.1 Boards and management in Zimbabwe are increasingly adapting to ESG oversight requirements by embedding ESG considerations into risk management frameworks, board charters, and corporate reporting processes. This shift is largely driven by international investor expectations and the rise of sustainability-linked financing instruments.

5.6.2 In practice -

5.6.2.1 ESG compliance is being incorporated into key performance indicators (KPIs) for senior management.

5.6.2.2 boards ensure that ESG matters are formally addressed in annual reports, particularly for publicly listed entities.

5.7 Data Security and Privacy Requirements for Organisations in Zimbabwe

Organisations in Zimbabwe are legally required to implement systems to ensure data security and protect client and customer privacy. These obligations are primarily governed by the Cyber and Data Protection Act [Chapter 12:07], enacted in 2021, and further detailed in Statutory Instrument 155 of 2024.

Key Legal Requirements for Organisations

5.7.1 Data Controller Licensing. Organisations that process the personal data of 50 or more individuals must obtain a Data Controller Licence from the Postal and Telecommunications Regulatory Authority of Zimbabwe ("**POTRAZ**"). The licence is valid for 12 months and must be renewed three months before expiry. Non compliance may result in fines or imprisonment.

5.7.2 Appointment of a Data Protection Officer (DPO). Entities processing data for over 3,000 individuals, handling sensitive data, or operating as public authorities are required to appoint a certified DPO. Certification is typically obtained through programmes at the Harare Institute of Technology. The appointment must be formally reported to POTRAZ using Form DP2.

5.7.3 Implementation of Security Measures. Organisations must establish technical and organisational safeguards to protect personal data from unauthorised access, loss, or destruction. This includes access controls, security protocols, and incident response procedures.

5.8 Cybersecurity Risk Management Requirements for Organisations

Organisations in Zimbabwe are required to manage and monitor cybersecurity risks under the Cyber and Data Protection Act [Chapter 12:07]. The primary objective of the Act is to enhance cybersecurity and foster trust and confidence in the secure use of information and communication technologies by data controllers, their representatives, and data subjects. It mandates the implementation of technical and organisational safeguards to protect data integrity, confidentiality, and availability, and supports the development of a national cybersecurity framework aligned with international best practices.

5.9 Compliance with Global Data Protection Standards (e.g. GDPR)

Zimbabwean organisations are not legally obligated to comply with foreign data protection laws such as the General Data Protection Regulation ("**GDPR**"), unless they operate within or process personal data from those jurisdictions. However, globally-facing firms, particularly those engaged in cross-border transactions or serving international clients, often voluntarily align with GDPR or similar international standards to enhance credibility, meet client expectations, and ensure regulatory compatibility.

6. FINANCE

6.1 How Financiers Apply ESG Ratings in Uganda

In Zimbabwe, financiers, investors, and debt providers seldom rely on formal ESG ratings. However, ESG due diligence is gaining traction in Zimbabwe, particularly in sectors such as mining, agriculture, and banking. Institutional investors, such as pension funds, and DFIs like the International Finance Corporation and the African Development Bank increasingly require internal ESG assessments or alignment with recognised global ESG frameworks.

6.2 Top ESG Rating Agencies in Zimbabwe

There are no ESG rating agencies currently in Zimbabwe. Local consultants such as the Institute for Sustainability Africa (INSAF) and the Zimbabwe Environmental Law Association (ZELA) may provide ESG advisory services, but not formal ESG ratings.

6.3 Ensuring Consistency in ESG and Financial Reporting in Zimbabwe

Consistency between financial and non-financial ESG reporting in Zimbabwe is not yet regulated. However, the concept of double materiality is embedded within the broader ESG framework. Some multinational and listed entities voluntarily apply recognised standards, such as the GRI Standards and IFRS Sustainability Disclosure Standards, which incorporate the double materiality approach to align ESG disclosures with financial reporting.

6.4 Role of Green and Social Bonds in Zimbabwe

Green and social bonds are still emerging in Zimbabwe. While institutions such as the Reserve Bank of Zimbabwe and the Infrastructure Development Bank of Zimbabwe (IDBZ) have expressed interest in green financing, there have been no notable issuances of green or social bonds to date. However, these instruments are expected to gain traction as ESG awareness grows and regional financing pressures increase.

6.5 Role and Outlook of Sustainability-Linked Bonds in Zimbabwe

Sustainability-linked bonds are not yet widely common in Zimbabwe. However, Zimbabwe is exploring green climate funding mechanisms with multilateral partners. There is growing policy interest, and sustainability-linked instruments are anticipated to emerge with climate-resilient development funding needs.

6.6 Key Barriers to Sustainable Bond Adoption in Zimbabwe

Major factors limiting the uptake of sustainable bonds in Zimbabwe include -

6.6.1 Regulatory Gaps: Absence of a comprehensive ESG regulatory framework and supporting market infrastructure.

6.6.2 Technical Capacity Constraints: Limited expertise in structuring ESG-compliant financial instruments.

6.6.3 Investor Awareness and Currency Risk: Low levels of investor education on sustainable finance and concerns over currency volatility.

6.6.4 Macroeconomic and Country Risk: Broader issues such as economic instability, sovereign risk, and restricted access to international capital markets hinder investor confidence and participation.

6.7 Assurance and Regulation of Green Bond Verification in Zimbabwe

Zimbabwe does not currently have a formal assurance or verification framework for green bonds. Issuers typically engage third-party verifiers aligned with the ICMA Green Bond Principles. Regulatory oversight, where applicable, may fall under the Securities and Exchange Commission of Zimbabwe (i.e. SECZim) or the RBZ, depending on the nature of the issuer.
Not applicable.

7. TRENDS

Material trends related to ESG Compliance and disclosure in Zimbabwe

Mining companies in Zimbabwe are increasingly adopting voluntary ESG standards to meet growing expectations from both markets and investors for responsible mining and sourcing. The discovery and extraction of critical minerals such as lithium has intensified the focus on sustainability reporting, given lithium's central role in advancing green energy technologies. Customers sourcing these minerals from Zimbabwe are now demanding clear evidence that extraction is conducted responsibly without environmental degradation, pollution, or human rights violations.

The evolving global ESG landscape signals a shift from business as usual. Companies are expected to take meaningful steps to integrate sustainability into their operations and report transparently. This requires mining companies to go beyond basic legal compliance, such as adherence to the Environmental Management Agency Act [Chapter 20:27], and align with international best practices to avoid greenwashing.

There are growing calls for the Zimbabwe Chamber of Mines to develop a national ESG framework to guide mining companies on compliance and reporting. Meanwhile, the Zimbabwe Stock Exchange continues to refine its ESG framework for listed entities, which will impose additional obligations on businesses. Several companies have already begun voluntarily developing ESG policies and incorporating sustainability reporting into their financial disclosures.s