

BY TOM BRIAN ANGURINI

KAMPALA. A study of businesses in Uganda by the accounting firm KPMG shows that many are moving toward better environmental and social practices.

The KPMG report highlights that businesses are increasingly aware of their impact on the world and the rules they must follow. According to the findings, 70 percent of the companies surveyed have connections to international markets like Europe and the United States. This link to global trade makes following international rules a priority for local firms.

"The study reveals a proactive attitude among business leaders. An overwhelming 91 percent of participants plan to meet new standards before they even become law in Uganda. Many

'Businesses in Uganda are warming up to ESG'

companies see it as a valuable differentiator that creates a competitive advantage," the report reveals.

Furthermore, 52 percent of these businesses want to use these responsible practices to stand out from their competitors rather than just doing the bare minimum for compliance. Around 80 percent of the leaders also believe that focusing on sustainability can create more value for their shareholders.

Mr Edgar Isingoma, a partner at KPMG Africa, said the results from the survey indicate that companies are aware of the current Environmental, Social, and Governance (ESG) regulations at both global and national levels and are making an effort to not only comply with the regulatory requirements but also

to unlock additional stakeholder value.

"However, most of the companies surveyed continue to face challenges with data requirements. Companies have shown a tremendous willingness to continuously conduct ESG gap assessments to navigate an ever-changing ESG landscape," he said.

Survey

The survey found 88 percent of companies still gather their environmental and social data from many different sources instead of using a single system. This makes reporting their progress complicated and time-consuming.

Additionally, 71 percent of companies have not yet performed a thorough assessment to see how environmental is-

suues affect their finances and how their own work impacts the planet.

This gradual shift toward ESG is vital for the local economy. In Uganda, agriculture supports 70 percent of the population and accounts for a quarter of the total economic output. This sector is highly vulnerable to climate changes, such as droughts.

To address these risks, the government has set a goal to reduce greenhouse gas emissions by 24.7 percent by the year 2030. Following these new business standards is seen as a way to protect the environment while ensuring companies remain profitable.

Most businesses are eager for guidance on how to improve. The report found that 88 percent of companies

want to evaluate the gaps in their current operations, and 98 percent wish to receive regular updates on changing rules.

By embedding these practices into their core strategies, Ugandan firms hope to build trust with the public and ensure their businesses can thrive for many years.

"With a rapidly changing ESG regulatory environment in Africa and abroad, companies that are not embedding ESG into their integrated strategies are putting their businesses at risk," Mr Isingoma said.

"When ESG is embedded, it mitigates current and future business risks, whilst driving value creation, long-term sustainability, and positive impact for all stakeholders. Achieving compliance with the regulatory requirements is crucial for building trust and creating value for stakeholders," he added.