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Why companies must produce sustainability reports

BY HENRY H SSALI

As Uganda's listed companies are publishing their performance results for 2025, investors are once again presented with statements of comprehensive income, financial statements, cash flows and dividend declarations. These companies continue to front financial performance as the reason shareholders should trust them.

But there is a growing gap that investors/shareholders should no longer afford to ignore: the absence of robust sustainability reporting.

In the recent reports published in newspapers, while most companies only released their financials, institutions such as Bank of Baroda, dfcu Bank and MTN Uganda have made efforts to publish what resemble sustainability dis-

closures, though these remain largely CSR-oriented narratives—focused on community projects and philanthropy and the low hanging environmental fruit of tree planting—rather than comprehensive, decision-useful sustainability reports.

Why does this matter?

Because global investing has fundamentally changed and Uganda should catch up. Today's capital is increasingly guided by ESG (Environmental, Social, and Governance) considerations. Investors are not just looking at profit margins but also carbon footprint, exposure to climate risks, social responsibility and future proof.

At the heart of this, there is proper measurement and disclosure of emissions including Scope 1 (direct emissions from owned operations), Scope 2

(indirect emissions from purchased energy) and Scope 3 (emissions across the

ESG DRIVE

Environmental, Social, and Governance (ESG) criteria is now a foundational driver of global capital allocation. ESG integration is becoming mainstream, with sustainability considerations embedded across investment processes, from equity analysis to portfolio construction. Investors are increasingly treating ESG factors as financially material, using them to identify risks, evaluate opportunities, and ensure long-term value creation.

value chain).

Without this data, investors are essentially making decisions in the dark, and what's worse, our investors are not even aware of the materiality of sustainability to company performance.

Materiality is the missing link

Sustainability reporting is not about storytelling; it is about identifying and disclosing material risks and opportunities that could impact long-term value. Issues like climate transition risks, regulatory shifts, supply chain vulnerabilities, and reputational exposure affect the finances.

Across global markets, sustainability disclosures are becoming standardised through frameworks such as the International Sustainability Standards Board (ISSB). These frameworks emphasise quantifiable metrics (including

emissions), financial materiality and integration with traditional financial reporting. Ugandan listed companies risk falling behind if they do not align with these evolving expectations.

For investors, this is a call to action. Big investors such as NSSF can lead the demand for sustainability reports that disclose more than CSR. They should ask for verified ESG data, clear climate-related disclosures and integration of sustainability into core strategy. Like the cliché goes, "what gets measured gets managed—and what gets disclosed gets valued." The future of capital allocation will not just reward profitability.

It will reward transparency, resilience, and sustainability.

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