

EAST AFRICAN
ORGANISATIONS AND ESG

Are they ready for the challenge

November 2024

Recently, in partnership with the League of East African Directors, we ran a series of training sessions on Environmental, Social and Governance (ESG) practices. In this summary report, we share findings from a survey that assessed the readiness and understanding of organisations in key ESG areas.

ESG reporting framework

A significant gap was identified in the adoption of formal ESG reporting frameworks: 39.13% of organisations have a framework in place, while the vast majority, 60.87%, do not.

The absence of a formal ESG reporting structure in most organisations suggests a lack of the necessary infrastructure or processes to effectively report on their ESG activities. Without this framework, organisations risk falling short of stakeholder expectations and regulatory compliance. In the context of increasing global emphasis on transparency in sustainability, this gap may hinder long-term ESG and enterprise performance.

With over 60% of organisations lacking a formal ESG framework, there is a clear need for structured guidance on how to develop and maintain such systems. Establishing comprehensive reporting processes will improve transparency, risk management, regulatory compliance, and alignment with investor expectations.



Biodiversity understanding among leaders

The survey revealed that the majority of leader attending the training have only a moderate understanding of biodiversity, with 80% of leaders reporting a medium level of knowledge in this area. This highlights a critical need for further capacity building, as many organisations may be missing key opportunities to integrate biodiversity considerations into their business strategies—an essential factor for long-term environmental sustainability.

Improving biodiversity literacy among leaders is crucial for fostering more strategic action on conservation efforts. By enhancing their understanding, organisations can better align biodiversity with their overall environmental goals, positioning themselves as sustainability leaders. This is especially important for companies operating in or planning to engage with global markets, where demonstrating biodiversity considerations throughout the value chain is becoming a standard expectation. Targeted training and awareness programmes will be vital in closing this knowledge gap and ensuring that biodiversity is fully integrated into corporate sustainability efforts.



Social priorities

Our findings suggest that the majority of organisations are not fully integrating a wide range of social priorities into their operations. The varied attention given to social priorities indicates that organisations are selectively focusing on certain social issues, likely driven by industry-specific concerns. However, the lack of emphasis on critical areas such as health and safety could point to a need for a more comprehensive approach that aligns social responsibility with business objectives.

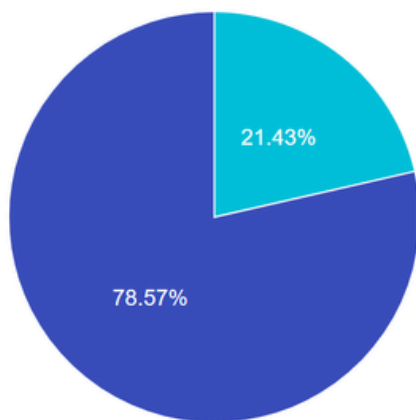
A more integrated approach to social responsibility is needed. Organisations should engage with employees and communities to address diverse social issues, such as community health and safety in their business, diversity, and community engagement, ensuring that these efforts are aligned with overall business goals.



Environment and climate: stakeholder engagement

The survey revealed an even split in stakeholder engagement regarding climate-related disclosures. While half of the surveyed organisations are experiencing pressure to disclose climate-related information, the other half are not, which may reflect the sectors or regions in which they operate. Organisations that have not yet engaged with stakeholders on climate issues should prepare for future inquiries, as the demand for transparency on climate risks and opportunities is expected to increase.

As stakeholder interest in climate-related disclosures grows, organisations must develop clear strategies for communicating their climate risks and opportunities to reduce their carbon footprint. Proactive engagement in this area will position them as leaders in sustainability and resilience.



Does your institution report its Scope 1 and 2 emissions?

● Yes ● No

Conclusion

While organisations in East Africa are making progress in addressing ESG issues, there are clear areas where further development is necessary. Strengthening ESG frameworks, improving biodiversity awareness, addressing social issues more comprehensively, and preparing for increased stakeholder interest in climate disclosures will be essential steps in aligning with the growing global focus on sustainability.

How ready are you? Find out by taking this short survey [ESG self-assessment](#)



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Future Energy Partners advise governments, investors, and businesses on environmental, social and governance issues, including alignment of objectives, compensation models, environmental and social risks and opportunities, environmental and social impact assessments as well as providing bespoke capacity building.

Many challenges relate to the interaction of energy resource developments and their impact on regions, communities and society. These interactions can be managed to the benefit of all parties by providing jobs, compensation, along with the guaranteed protection of people's rights. Governance covers risk management, ethics and issues which address stakeholder needs.

Integrating ESG principles into your strategy can significantly enhance your bottom line. Companies with a strong ESG framework not only achieve greater sustainability but also unlock opportunities for improved financial performance, risk mitigation, and competitive advantage. We'll show you how to develop and implement a robust ESG plan tailored to your business needs, ensuring measurable impact and long-term value. To find out how we can help, contact us today.



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