

**ESG (Environmental, Social and Governance)
ALERT | Ortus Uganda ESG Compliance Toolkit**

August 2024



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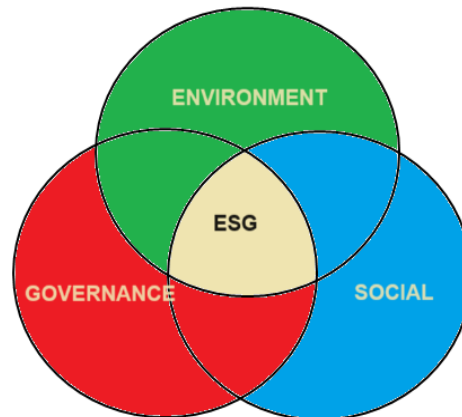
Introduction

This toolkit is intended to provide initial guidance to market participants (lenders, borrowers, corporate entities, regulators and early-stage companies) on navigating ESG risk in Uganda. The guide contains the following sections:

- Sample ESG Policy
- Incorporating ESG terms in Loan/Financing Agreements
- Sample ESG contractual clauses
- Sample ESG checklist
- Appendix of major legislation impacting ESG in Uganda

We use the term 'ESG' to describe a comprehensive set of environmental, social and governance matters impacting the company/entity. We put these concerns at the core of our corporate operations.

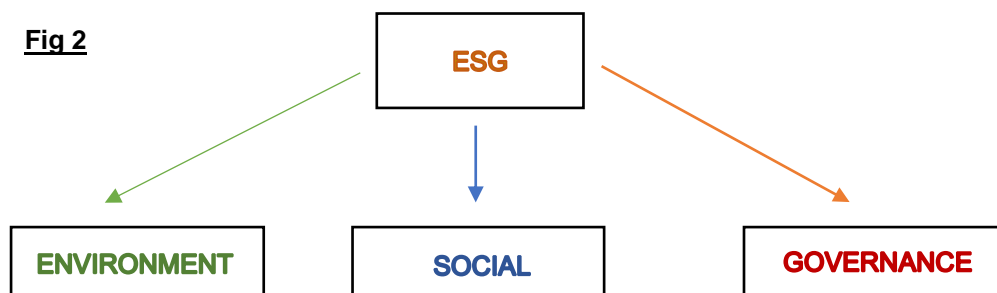
Fig 1



1. SCOPE OF THE POLICY

The scope of this ESG Policy shall pertain to the following considerations;

Fig 2





- Emission Reduction
- Proper Waste Management
- Sustainable Energy use
- Etc.

- Prohibition of child labour in supply chains
- Women Empowerment
- CSR
- Etc.

- Compliance
- Conducive work environment
- Risk Management
- Etc.

(a) Environment:

Environmental considerations are viewed from three different angles depending on their level of proximity to the company. These levels are broken down as follows;

- Type 1: These are environmental concerns that arise directly from the activities of the company Risks are caused by the company, (e.g. through emissions, operations and line of business)
- Type 2: These are environmental concerns that arise indirectly as a result of the companies' activities / day to day running (e.g. energy use, water use, waste management)
- Type 3: These are environmental concerns that arise from upstream and downstream activities, e.g. business travel, transportation of the product, clients' energy usage;

(b) Social:

Social considerations are addressed in the following ways;

- Diversity, Equity, Inclusivity: By integrating diverse and inclusive practices across all areas of the business (e.g. inclusive hiring practices, affirmative action).
- Conducive Work environment: By building a strong culture and being a conscientious employer (e.g. addressing unethical pay gaps when they arise, providing parental leave, gender considerations, living wage, mental health considerations, etc.)
- Responsible product design: By designing and building products with consideration of the ethical and human implications on the end-user and society



(e.g. mitigating risks associated with the impact of products on consumer well-being)

- Monitoring the supply chain: By working towards an ethical and environmentally resilient supply chain (e.g. adopting the principles of UN Global Compact, eliminating child labour from supply chains, etc.)

(c) Governance

We aim to; not only satisfactorily answer regulatory question as to governance, but to also be a leader, the following considerations are part of the many that inform the scope of our operations;

- Legal and regulatory compliance: By being on top of and aligned to the latest laws, regulations and compliance standards (e.g. Companies Act Cap 106, Data Protection and Privacy Act Cap 97, UN Guiding Principles of Business and Human Rights, International Labour Organisation conventions and other various domestic laws); the oversight of these issues should be ensured by employees, management and the Board of Directors.
- Governance structures: By having appropriate governance structures in place, according to international best practice and regulatory requirements (e.g. board structure and composition, shareholding structure, dispute settlement structures, etc.);
- Writing out a code of conduct (committing the company to high ethical standards);
- Adopting a reasonable whistle-blower policy; This is in line with the Whistle-blowers Protection Act Cap 34.
- Data privacy and security: By instilling a strong culture of trust, responsibility and best practice on top of keeping up with the best financially feasible technology around data management.

2. ESG RELATED RISKS/ ISSUES

The [organisation/company/entity] in its business and operations acknowledges the following ESG related risks and under takes to manage and mitigate them:

- (a) Environmental (Impact on the world): Climate change, Deforestation, Greenhouse gas emissions, sustainable use and protection of water and marine

resources, transition to a circular economy, waste prevention and pollution, recycling, and protection of healthy ecosystems.

- (b) Social (Contribution to communities): Equality and social cohesion, social integration and labour relations, Data Protection, Conflict regions, impact on local communities, working conditions including slavery and child labour, Anti-Corruption and Human Rights. Compliance assists to mitigate litigation against entities due to negative health/environmental effects of products/services.
- (c) Governance (How the entity conducts itself): Remuneration of staff, Tax Compliance/Strategy, Governance risk, Bribery and Corruption, diversity and structure, political lobbying and donations, data breaches are examples.

3. PURPOSE

This policy adopts domestic and international best practice so as to ensure that the following:

- Understand the linkages between our [organisation/company/entity] operations and the community that we serve.
- Fulfil regulatory obligations.
- Integrate environmental and social considerations into the [organisation/company/entity] activities and business operations.
- Where possible, avoid or mitigate negative impacts of the [organisation/company/entity]'s business and operations on the environment and local communities.
- Respect human rights in our business, operations and activities.
- Implement robust and transparent governance practices and assessment of governance practices of customers and third parties as may be applicable.
- Promote and embed the sustainability culture is within the [organisation/company/entity]

4. GUIDING PRINCIPLES

- (a) **Environmental & Social Risk considerations in business activities**



The [organisation/company/entity] integrates environmental and social considerations into decision making process relating to our Business Activities to avoid, minimize or offset the negative impacts.

These considerations are reflected in the following existing policies:

- Risk Management Policy
- Supplier Policy
- Data use and Privacy policy
- Physical Security Policy
- HR manual and policy
- Premises Policy

(b) Environmental & Social Risk Management in our activities

We aim to avoid, minimize, or offset the negative impacts of our business operations on the environment and local communities in which we operate and, where possible, promote positive impacts.

This is reflected in the following policies:

- Risk Management Policy
- Supplier Policy
- Data Use and Privacy Policy
- Physical Security Policy
- HR Policies
- Premises Policy

(c) Human Rights

We highly regard and respect Human rights in our business operations and business activities.

(d) Women's Economic Empowerment

We promote women's economic empowerment through a gender balanced and inclusive workplace culture in our business operations.

(e) Environmental, Social and Governance Reporting



We implement robust and transparent Environmental and Social practices in our institution and access the governance practice of our clients. We regularly review and report on our progress in meeting these principles and acknowledge that a sustainable approach to business is increasingly material to businesses doing well.

5. OPERATIONALISATION

The [organisation/company/entity] integrates ESG considerations into its business in the following ways:

(a) ESG responsibility.

(i) Collective Responsibility

Every member of our team shall be concerned with and consider ESG implications in our decision-making processes.

(ii) Board Responsibility

ESG matters shall be closely monitored at board level.

The ESG board committee shall be comprised of a qualified Board member together with the ESG officer, an ESG expert and staff as shall be determined from time to time.

The ESG board committee shall be concerned with ensuring that the board is up to date and well advised on ESG issues.

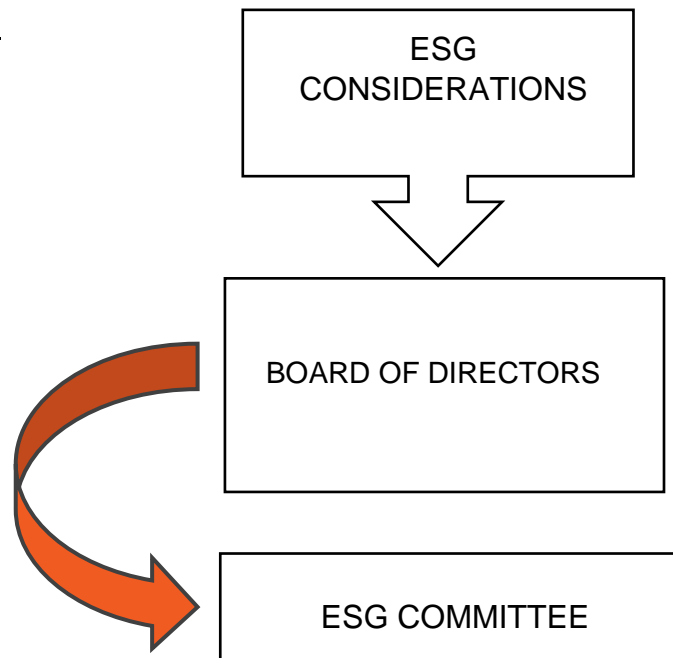
(iii) ESG Officer

The overall responsibility for ESG in the day-to-day business and operations is assigned [name of ESG Officer]. Our approach to ESG will be discussed regularly in our [(specific meeting)] level meetings.

All issues around ESG compliance from the various departments are addressed to the ESG officer who may present them to the Board or its Committee on ESG.



Fig 2



(iv) Corporate Social Responsibility

The [organisation/company/entity] pledges an annual monetary contribution towards corporate social responsibility activities in line with its Corporate Social Responsibility policy as may be determined by the Board from time to time.

(v) ESG mainstreaming Initiatives

The [organisation/company/entity] remains committed to influencing and supporting its clients and suppliers to adopt ESG considerations in their activities.

(b) Hiring and working environment

We are committed to hiring a diverse team and providing an inclusive working environment. We have a specific [Diversity Equity and Inclusivity policy] in place.

(c) Good governance

All our decision making in both the advisory / oversight board and larger team is committed to good governance principles; across these bodies, we track a range of diversity metrics (e.g. gender/ethnicity of team and advisory board) and are committed to always keeping ideally a 50/50 gender split.



(d) Compliance

We undertake to comply with the relevant laws and regulations, around ESG.

Fig 3

Environmental	Social	Governance
The Fisheries and Aquaculture Act, Cap 314	The Anti-Corruption Act, Cap 116	The Constitution of the Republic of Uganda, 1995 (as amended)
The Mining and Minerals Act, Cap 159	The Anti-Money Laundering Act, Cap 118	The Competition Act, Cap 66
The National Climate Change Act, Cap 182	The Capital Markets Authority Act, Cap 64	The Data Protection and Privacy Act, Cap 97
The National Environment Act, Cap 181	The Children Act, Cap 62	The Employment Act, Cap 226
The National Forestry and Tree Planting Act, Cap 160	The Land Act, Cap 236	The Income Tax Act, Cap 338
The National Water and Sewerage Corporation Act, Cap 204	The Narcotic Drugs and Psychotropic Substances (Control) Act, Cap 37	The Companies Act, Cap 106
The Nile Basin Initiative Act, Cap 189	The National Drug Policy and Authority Act, Cap 198	The Occupational Safety and Health Act, Cap 231
The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, Cap 162	The Penal Code Act, Cap 128	The Workers Compensation Act, Cap 233
The Water Act, Cap 164	The Physical Planning Act, Cap 142	The Whistle-blowers Protection Act, Cap 34
The Uganda Tourism Act, Cap 82	The Prohibition and Prevention of Torture Act, Cap 130	The Public Procurement and Disposal of Public Assets Act, Cap 205
The Uganda Wildlife Act, Cap 315	The Uganda National Bureau of Standards Act, Cap 210	The Investment Code Act, Cap 74

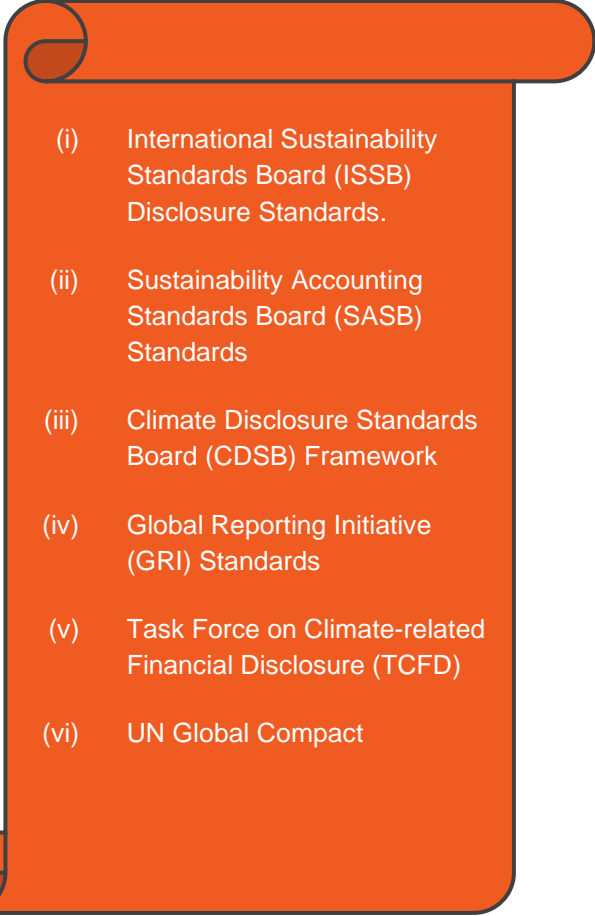


Impact and ESG report

We shall publish a voluntary public Impact and ESG report every year including both our own internal impact and ESG metrics and assessments as well as an overview of our business interests and activities.

We use the (**use most preferred from fig 4**) Reporting Standard.

Fig 4

- 
- (i) International Sustainability Standards Board (ISSB) Disclosure Standards.
 - (ii) Sustainability Accounting Standards Board (SASB) Standards
 - (iii) Climate Disclosure Standards Board (CDSB) Framework
 - (iv) Global Reporting Initiative (GRI) Standards
 - (v) Task Force on Climate-related Financial Disclosure (TCFD)
 - (vi) UN Global Compact

6. INQUIRES.

Any stakeholder who has questions and / or requires further information about this policy should contact the ESG Officer through the dedicated official communication channels, which shall be availed on request.



INCORPORATING ESG TERMS IN LOAN/FINANCING AGREEMENTS

The Uganda Bankers' Association, the umbrella body for licensed financial institutions supervised by Bank of Uganda launched the ESG Framework for Uganda's banking sector. This will entail a series of implementation processes of embedding ESG and climate risk into traditional risks.

Other lenders such as private equity, development financial institutions, and sovereign lenders are also increasingly including ESG terms in their financial documents. To help keep up with these financial market developments, the attached sample ESG clauses set out some examples of how ESG-related provisions can be incorporated in existing and future loan agreements for entities in Uganda.

These provisions seek to achieve the following objectives:

Objective	Action point
Help ensure the accuracy of ESG-related information provided by the company/entity to the bank during due diligence.	Requires corporate reporting and due diligence on ESG matters (e.g., ESG, CSR, sustainability and impact). Also enables obtaining of any information provided to third parties for purposes of ESG certifications.
Help the lender to monitor the company's ESG-related performance and compliance with ESG-related obligations and avoid green washing.	Ensuring the bank is notified of any adverse events that may impact the company's ESG performance and/or inability to comply with its ESG-related obligations under the Memorandum of association, Articles of Association, shareholders' agreement and other relevant ancillary documents. Ensure clear and objective ESG criteria.
Protect against changes to the company's ESG mission or purpose.	Ensuring that the lender has a right to stop disbursements or terminate facility in the event of any substantial negative changes in the creditor's ESG policy and compliance ratings.
Enforce ESG obligations	Commitments to fill particular gaps identified in due diligence and reporting.



SAMPLE ESG CONTRACTUAL CLAUSES

1. ESG Reporting.

The [organization/company/entity] (the “borrower”) represents and warrants to the lender (the “bank”) as of the date of this Letter and at the Completion Date that:

- (a) the [organization/company/entity] has made available to the lender a true, correct and complete copy of the ESG report or ESG Disclosure and an ESG Impact Assessment;
- (b) other than [the ESG Disclosure] [and] [ESG impact Assessment] [, and as otherwise] as set forth on Clause [0] of the agreement, the [organization/company/entity] has not produced any reports, assessments, summaries or other written materials measuring and reporting on the Company's initiatives [with respect to achieving the specific public benefits identified in its Articles or memorandum of association]; and
- (c) [the information, data, statements and assertions set forth in the ESG Disclosure [and] [the ESG Impact Assessment] were true and correct in all respects as of the date of the ESG Disclosure [and] [ESG Impact Assessment] [, respectively], and since such dates, the has not taken any action (or failed to take any action) that would render the information, data, statements and assertions set forth in the ESG Disclosure [or] [ESG Assessment] to be inaccurate in any material respect.]

2. ESG Measures and Performance Reporting.

A. Either [for big business]

- (a) [The [organization/company/entity]] and the lender hereby agree to [co-operate in good faith] [and] / [use commercially reasonable efforts] / [use best efforts] to mutually develop objective targets and metrics for measurement and reporting on ESG matters, which shall include:] / [The [organization/company/entity] shall, upon good faith consultation with and subject to approval of the lender, develop objective targets and metrics for measurement and reporting on ESG matters (the “ESG Reporting Framework”), which shall include:]
 - (i) [ESG measurement mechanism]; and
 - (ii) [/ [each item set out in the ESG checklist with appropriate clauses referred to]

(Drafting note: Every lender to insert applicable measurements from both domestic and international standards.)

- (b) The [organization/company/entity] shall submit the ESG Reporting Framework to the Board of Directors of the Company (the “Board”) for adoption and approval beginning in calendar year 20[24] and the [organization/company/entity] shall consult with the Lender in good faith on an annual basis regarding any suggested revisions to the ESG Reporting Framework initially submitted to it.
- (c) The [organization/company/entity] shall produce an annual report with respect to its performance as evaluated against the ESG Reporting Framework (the “ESG Report”) within [30] days after the end of [the first] / [each] fiscal year of the Company following the adoption of the ESG Reporting Framework. The



ESG Report shall be developed by the in good faith consultation with the Lender and include, at a minimum;

- (i) a description of the objective targets and metrics described in sub-clause (a) above;
- (ii) an objective assessment of the [organization/company/entity]'s success in meeting such targets; and
- (iii) The [organization/company/entity]'s proposed actions to further achieve the applicable targets over the next one-year period. [After the initial ESG Report, the Company shall use its [commercially reasonable efforts] / [best efforts] to produce an ESG Report in each subsequent calendar year.] Each ESG Report shall be provided to the Lender as promptly as practicable following its production.
- (d) [The [organization/company/entity] shall permit the Lender, upon prior appointment and during office hours, to visit and inspect and examine the [organization/company/entity]'s properties, books and records, and to discuss the affairs of the Company with its management, in each case, for the purposes of monitoring the [organization/company/entity]'s compliance with its obligations hereunder[, provided that the [organization/company/entity] shall not be required to provide such information if necessary to protect legal professional privilege or if it is a highly confidential trade secret].]

B. And Or [for SMEs]

So long as the loan agreement is in effect, the [organization/company/entity] shall, and shall procure that its Subsidiary/subsidiaries shall: within [30] Business Days after the end of each fiscal year of the [organization/company/entity], provide a report to the Lender, wherein the] [provides] / [makes a good faith effort to provide] reasonable detail regarding the [organization/company/entity]'s and each of its Subsidiaries' adherence to the ESG Principles (as defined below);

- (a) within [thirty (30)] Business Days after the end of each fiscal year of the Company, provide a report to the Lender, wherein the [organization/company/entity] [provides] / [makes a good faith effort to provide][organization/company/entity] reasonable detail regarding the Company's adherence to the following ESG targets:
 - (i) number of units of goods or services provided by the [organization/company/entity] and each of its Subsidiaries;
 - (ii) number of consumers of goods or services provided by the [organization/company/entity] and each of its Subsidiaries that are (A) households; or (B) other micro and small businesses;
 - (iii) number of women and / or minority groups:
 - (1) to whom products or services are sold by the [organization/company/entity] and each of its Subsidiaries;
 - (2) trained by the [organization/company/entity] and each of its Subsidiaries with skills to work in [insert relevant business]; or
 - (3) employed by the [organization/company/entity] and each of its Subsidiaries;



- (iv) number of fatal/non-fatal occupational injuries incurred by employees, contractors and sub-contractors of the [organization/company/entity] and its Subsidiaries;
- (v) estimated income of consumers of goods or services provided by the Company and each of its Subsidiaries;
- (vi) any efforts towards mitigating climate change
- (vii) any CO2 or greenhouse gas emission reductions;
- (viii) any attempts towards promoting climate resilience
- (b) [make a good faith effort to] cooperate with reasonable requests from the Lender with respect to the Lender's ESG data collection efforts, including, without limitation, with respect to those ESG targets set forth under sub-clause (b) above and other ESG-related data of the [organization/company/entity];
- (c) notify the Lender as soon as reasonably possible in writing of any material adverse publicity or of any allegation (including any criminal investigation) which could reasonably be considered to have a basis in fact of which it becomes aware in connection with or relating to non-compliance with the ESG Principles, specifying, in each case, the nature of the publicity or allegation and the measures the [organization/company/entity] [or any of its Subsidiaries] is taking or plans to take to address the same, and thereafter keep the Lender informed of the ongoing implementation of those measures;
- (d) notify the Lender as soon as reasonably possible, and in any event no later than [10] days after its occurrence, of any event which has or may reasonably be expected to have a material adverse effect on the ability of the [organization/company/entity] [or any of its Subsidiaries] to comply with the ESG Principles, specifying the nature of the event, the likely or anticipated impacts arising therefrom and the measures the [organization/company/entity] [or any of its Subsidiaries] is taking or plans to take in response; and thereafter keep the Lender informed at reasonable intervals of the ongoing implementation of those measures;
- (e) notwithstanding general reporting requirements in relation to such matters, in the event of any;
 - (i) loss of life;
 - (ii) material adverse effect on the environment; or
 - (iii) material breach of law which has a material negative impact on the social and/or environmental KPIs set by the [organization/company/entity] (if any) (each a "Serious Incident"), immediately provide a written report specifying in detail the material facts and circumstances relating to such Serious Incident to the Lender, provide any further information reasonably requested by the Lender, and take such action in relation to such serious Incident as the Lender and the [organization/company/entity] shall mutually agree;
- (f) subject to applicable law or regulations, keep the Lender promptly informed of any events, discussions, notices or changes with respect to any criminal or regulatory investigation or action involving the [organization/company/entity] [or] [and] any of its Subsidiaries [or any of their respective Representatives (as defined below)], and the Company shall reasonably cooperate with the Lender



in an effort to avoid or mitigate any costs or any negative consequences that might arise from such investigation or action (including by providing the Lender with an opportunity to review written submissions in advance, attending meetings with authorities or regulators, coordinating and providing assistance in such meetings and, if mutually agreed between the [organization/company/entity] and the Lender, making a public announcement of such matters); and

- (g) Subject to applicable law and/or regulations, notify the Lender promptly of any material change affecting any of the warranties of the Company regarding, or any material non-compliance of, Anti-Corruption and Anti-Money Laundering Laws, [Sanctions] [and Export Controls (if any)].
- (h) [In addition to the foregoing, the Lender may, from time to time and acting reasonably, request additional information regarding the [organization/company/entity], its businesses or operations and the [organization/company/entity] shall provide the Investors with such other reasonable information within [10] days of the Lender requesting such information in writing, provided that the [organization/company/entity] shall not be required to provide such information if necessary to protect legal professional privilege or if it is a highly confidential trade secret.]

3. [Protective Provisions.]

A. Either

- (a) The lender may terminate the credit facility if there is any breach of ESG terms set out in this agreement.

B. OR

- (b) The lender may require the borrower to make good of any breach to the ESG terms set out in this contract, failure of which may lead to termination of the facility or any measure the lender may find reasonably appropriate.

C. Alternatively

- (c) In the event of a [sustainability-linked or ESG loan facility (or whatever name so called)] the lender may reclassify the loan as a normal loan; any benefits accruing to the borrower peculiar to [ESG/ sustainability-linked loans] shall terminate with the reclassification. The borrower shall be notified of this reclassification within 10 working days.
- (d) Any queries and / or complaints under this clause shall be presented to the ESG officer.

4. ESG Obligations.

The [organization/company/entity] shall (and shall ensure that each of its Subsidiaries will) use its [commercially reasonable efforts] / [best efforts] to:

A. [ESG early-stage companies / SMEs] EITHER

- (a) ensure that its business and operations and any use of the [credit facility] are in compliance with the ESG Principles;



- (b) [if requested by the Lender,] deliver [one-time] / [periodic] staff training on the ESG Principles, so as to help ensure that staff of the [organization/company/entity] and its Subsidiaries are able to identify, assess and manage its business and operations in compliance with the ESG Principles on an ongoing basis; and
 - (c) Not amend the ESG Principles without the Lender's prior written consent during duration of the contract, such consent not to be unreasonably withheld.
- B. [ESG later stage companies / Big Business] Or**
- (a) ensure that any use of the [credit facility] is in compliance with the ESG Principles;
 - (b) adopt an internal monitoring and control system reasonably acceptable to the Lender to identify, assess and manage performance of its business and operations in compliance with the ESG Principles;
 - (c) in the case of a change of the scope of the business and operations of the [organization/company/entity] and any of its Subsidiaries, engage in good faith consultation with the Lender and adopt a revised internal monitoring and control system reasonably acceptable to the Lender to identify, assess and manage any additional risks in respect of its compliance with the ESG Principles;
 - (d) periodically deliver staff training on the ESG Principles and its internal monitoring and control system referred to in sub-clause (b) above, so as to help ensure that the staff of the [organization/company/entity] and its Subsidiaries are able to identify, assess and manage its business and operations in compliance with the ESG Principles on an ongoing basis;
 - (e) if the [organization/company/entity] become aware that any of its or its Subsidiaries' customers or clients has undertaken operations in a manner that is inconsistent with the ESG Principles, as soon as reasonably practicable agree with the relevant customer or client, or require the relevant customer or client to undertake, as appropriate or necessary in the [organization/company/entity]'s reasonable opinion, corrective measures to remedy such inconsistency; and
 - (f) not amend the ESG Principles or its internal monitoring and control system referred to in sub-clause (b) above without the Lender's prior written consent, provided that such consent shall not be unreasonably withheld by the Lender.



SAMPLE ESG CHECKLIST

1. Environment		
1.1	Register of Environmental laws and regulations for compliance	Assesses whether the entity regularly keeps and updates a register of major environmental laws, regulations and policies to be complied with.
1.2	Pollution testing mechanisms and procedures	Evaluates whether the entity has adequate testing mechanisms and procedures for pollutants.
1.3	Resource efficiency e.g. paper/stationery and water use	Measures efficiency rates for key inputs such as water and stationery and provisions for environmentally friendly re-use and recycling.
1.4	Greenhouse gases emissions reduction mechanisms	Helps to track emissions reduction processes such as solar installations and high-performance insulation to reduce heat loss.
1.5	Environment policy and organizational structure	Helps the entity determine whether it has in place organizational structure, capability and resources to provide oversight over environmental compliance and targets.
1.6	Certification of Environment Management System	An EMS focuses resources on meeting the commitments identified in the organization's policy, including reduction or elimination of the negative environmental impacts of its products, services, and activities and/or increasing their positive effects.
1.7	Disclosure and reporting standards	Disclosure and reporting standards establish the framework reporting environmental information in mainstream reports, such as annual environmental reports or integrated corporate reports to shareholders and other business stakeholders.
1.8	Environment management plan	This is a set of mitigation, monitoring and institutional measures to be undertaken in the entity's operations/project lifecycle.
2. SOCIAL		
2.1	HR policy	HR can leverage ESG efforts such as diversity and inclusion initiatives, environmental programs, and ethical practices to reduce wage gaps, build a future-proof workforce, positive culture and social awareness.



2.2	Grievance/Complaint Handling mechanism	The objective of grievance redress mechanisms is to provide means of dealing promptly with any grievances that may arise in a fair and consistent manner.
2.3	Social monitoring/ audits	Social monitoring and audits are assessment tools that aid corporate entities in documenting, and enhancing their social compliance performance.
2.4	Fair compensation and livelihood restoration	Project Affected Persons (PAPs) and affected communities must be fairly compensated to not only restore but improve their living conditions. Project implementation/development must deliberately seek to minimize displacement and resettlement of people.
2.5	Emergency plans	Emergency preparedness and response plans are developed and implemented.
2.6	Health and safety policy	A health and safety policy is a document outlining an organization's commitment and approach to managing health and safety in the workplace.
2.7	Consumer protection Mechanism	Consumers have the right to know the social and environmental impacts associated with products and packaging. Companies should prioritize transparency and responsibility in disclosures to foster consumer trust.
3. GOVERNANCE		
3.1	Promoting a fair and transparent way of doing business	ESG transparency describes the disclosure of ESG relevant metrics by company, industry and sector. Accountability and transparency can help businesses to identify, assess, and manage their ESG risks effectively and attracts socially conscious investors who prioritize ethical and sustainable investments.
3.2	Efficient Quality Assurance Mechanisms	ESG reporting is driving demand for consistent high-quality international standards for assurance on sustainability reporting. Entities should advise themselves on procedures for managing ESG and sustainability information on a formal and structured basis that enables efficient quality assurance.
3.3	Ensure good governance practices at the company	Governance ESG criteria covers corporate policies, stakeholder rights and responsibilities, as well as general corporate governance. Boards



		and management must view ESG compliance as a source of opportunity and competitive advantage.
3.4	Adherence to Human Rights	The UN Guiding Principles on Business and Human Rights contain principles dealing with the responsibility of companies to respect human rights.
3.5	Ensure adequate internal checks for managing risks	ESG checks and controls address risks related to environmental, social, and governance matters with a view to mitigate risks, limiting the impact should the risk be realized, or the likelihood that the risk would come to fruition.

APPENDIX OF MAJOR LEGISLATION IMPACTING ESG IN UGANDA

Legislation	Relevance
(i) The Constitution of the Republic of Uganda, 1995 (as amended)	This is the Supreme guiding law of Uganda under which all other laws derive authority. Aspects such as environmental protection, social cohesion and good governance are addressed.
(ii) The Anti-Corruption Act, Cap 116	This law provides a penal regime for the effectual prevention of corruption in both the public and the private sector.
(iii) The Anti-Money Laundering Act, Cap 118	The AML Act creates a penal regime for fraudulent and criminal financial transactions and dealings. It also identifies accountable persons and imposes duties and responsibilities on them to prevent and detect money laundering and the financing of terrorism
(iv) The Capital Markets Authority Act, Cap 64	The CMA Act establishes a compliance regime for entities involved in money markets. Integration of sustainability and social responsibility into business models will become increasingly critical for corporate public disclosure functions.
(v) The Children Act, Cap 62	It sets out the various rights of children and promotes child welfare, it criminalizes child labour amongst other offences committed against children. Entities must strengthen their Child Protection and Safeguarding policies.
(vi) The Companies Act, Cap 106	ESG Governance, Corporate reporting, and enhanced Directors' duties must all be streamlined to comply with the Companies Act.

Legislation	Relevance
(vii) The Competition Act, Cap 66	The Act provides for fair competition practices and regulates corporate behavior in the market. Compliance builds consumer trust and welfare.
(viii) The Data Protection and Privacy Act, Cap 97	It provides for the proper collection, sharing, handling and management of personal data. Effective data governance is now a board-level responsibility.
(ix) The Employment Act, Cap 226	The Employment Act governs the employer-employee relationship and creates various rights and obligations in that regard. ESG initiatives are key in aligning corporate practices with employee values and operational integrity.
(x) The Financial Institutions Act, Cap 57	The FIA creates a compliance framework for banks and other deposit taking institutions. Financial institutions will increasingly use ESG factors and considerations in allocating credit and developing financial products.
(xi) The Fisheries and Aquaculture Act, Cap 314	Sustainable fisheries must address dependence on wild fish stocks for feed, excessive use of antibiotics and friendly environmental practices relating to fish farming in wetlands, lakes and river banks.
(xii) The Income Tax Act, Cap 338	Corporate tax compliance is an indicator of how a business views its role in society and its commitment to sustainability. Entities must advise themselves on ethical and legally compliant tax practices in the course of their operations.
(xiii) The Investment Code Act, Cap 74	It creates a compliance framework for investors in Uganda. Key sectors such as oil and gas, agriculture, mining, and ICT must be in sync with the latest sustainable investment priorities of government and other key stakeholders such as investors.
(xiv) The Land Act, Cap 236	Land acquisition procedures and involuntary resettlement programs must align with core ESG objectives. The Land Act creates a set of guidelines that govern land holding and land use with emphasis on environmental regulation.
(xv) The Microfinance Deposit Taking Institutions Act, Cap 58	Social inclusion, sustainable finance and access to financial services are at the core of ESG considerations. Microfinance institutions as potential engines for ESG mainstreaming are governed by this legal regime and must comply to the set-out compliance requirements



Legislation	Relevance
(xvi) The Mining and Minerals Act, Cap 159	The mining sector's access to capital is closely tied to its sustainability and environmental impact. This Act sets out the different legal requirements for business in the minerals and mining industry highlighting concerns like safety, licensing, etc. all crucial to the ESG agenda.
(xvii) The Mortgage Act, Cap 239	ESG mainstreaming is a brainchild of the financial services sector. Mortgages are synonymous with financial services. The Act creates a legal framework for the creation and management of mortgages addressing social issues like spousal consent, family land, etc. all critical in the grander ESG agenda.
(xviii) The Narcotic Drugs and Psychotropic Substances (Control) Act, Cap 37	Narcotics alongside other related substances are critically examined as potential danger to society if abused. This Act outlaws some forms of narcotic drugs and sets tight regulation for other categories of narcotics. This is a strict avenue for ESG Compliance.
(xix) The National Climate Change Act, Cap 182	International standards play a crucial role in ESG implementation. The National Climate Change Act domesticates some international climate change agreements i.e. the Paris Agreement and Kyoto Protocol into Ugandan law.
(xx) The National Coffee Act, Cap 38	The global coffee market is highly sensitive to ESG concerns. This Act creates a compliance regime for actors in the coffee value chain alongside some ESG considerations.
(xxi) The National Drug Policy and Authority Act, Cap 198	ESG is a big topic in the pharmaceutical industry given the various issues around waste management and ethical research. The NDPAA governs the sale and handling of various drugs and establishes a regulator for the same, it also integrates key governance considerations for sector players.
(xxii) The National Environment Act, Cap 181	Environmental considerations are at the heart of ESG. In Uganda, the National Environment Management Authority (NEMA), the regulator for environmental matters, a creature of the NEA is the primary enforcer of environment protection laws.
(xxiii) The National Forestry and Tree Planting Act, Cap 160	Forestry has been at the heart of ESG risk mitigation. The National Forestry Authority (NFA), a created under this Act regulates the management of forests and planting of trees.
(xxiv) The National Water and Sewerage Corporation Act, Cap 204	The National Water and Sewerage Corporation plays an important role in the access to clean and safe water. This Act sets a regime for the commercialization, purifying and retailing of water as a utility. This is an important social aspect of ESG concerns



Legislation	Relevance
xxv) The Nile Basin Initiative Act, Cap 189	The River Nile is an essential part of the Eco-systems of all countries in the Nile Basin. ESG concerns are included in this regulatory framework and the sustainable use of River Nile is emphasized.
xxvi) The Occupational Safety and Health Act, Cap 231	Safe and healthy workplaces are a vital part of social and governance concerns. This Act sets out guidelines that must be complied with to create safer and healthier premises and workplaces.
xxvii) The Penal Code Act, Cap 128	Criminality is a threat to society from an ESG perspective. The Penal Code creates and prescribes punishments for various criminal offenses.
xxviii) The Petroleum (Exploration, Development and Production), Cap 161	The exploration, development and production of petroleum must strictly be governed by ESG considerations if it is to easily access sustainability finance. Ugandan Petroleum production and development is governed by this law.
xxix) The Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, Cap 162	The Refining, Conversion, Transmission and Midstream Storage of petroleum and related products is a highly contentious area of ESG discussions. This Act sets out a number of guidelines aligned with ESG objectives that creates a compliance framework for actors in the sector.
xxx) The Petroleum Supply Act, Cap 163	The regulation of marketing and selling of petroleum products under is provided for under the Act. ESG considerations must be observed especially with compliance of the petroleum sector players to the supply conditions under the Act.
xxxi) The Physical Planning Act, Cap 142	The Act creates regulations aimed towards safer and more sustainable cities. Physical planning is critical to ESG as it excludes unsustainable practices from the construction sector. Under this law, buildings are subject to approval of plans and the issues of waste management, environmental conservation, etc. are considered.
xxxii) The Plant Variety Protection Act, Cap 40	ESG is concerned with environmental protection and conservation. The protection of specific plant species is governed by this particular Act. Issues such as plant species conservation and control are addressed by the Act.
xxxiii) The Prohibition and Prevention of Torture Act, Cap 130	Social and governance considerations are opposed to cruel treatment or physical abuse of human beings. The Prohibition and Prevention of Torture Act is a source of these ESG considerations in Ugandan law and compliance with the same.



Legislation	Relevance
xxiv) The Registration of Titles Act, Cap 240	Land transactions must strictly comply with the RTA. The registration of interests in land is essential to governance considerations under ESG. The RTA sets out a framework to exclude fraud from land transactions.
xxv) The Seeds and Plants Act, Cap 41	The Seeds and Plants Act provides for the control and management of plant varieties. The purpose of this law is to ensure sustainability of agriculture.
xxvi) The Tier 4 Finance Institutions and Money Lenders Act, Cap 61	The Act sets out a number of guidelines for the governance of lower Tier Financial institutions /informal financial institutions are governed by this Act. These are governance obligations to the boards of these companies.
xxvii) The Tobacco (Control and Marketing) Act, Cap 44	Mitigating the social effects of tobacco use and consumption is crucial to achieving ESG objectives. The Tobacco Act creates various compliance issues that must be addressed in the sale of tobacco products. ESG compliant entities ought to keenly adhere to this Act.
xxviii) The Traffic and Road Safety Act, Cap 347	Responsible road use has far reaching social benefits. The Traffic and Road Safety Act creates a web of obligations to road users and penalties. Compliance with this Act highlights an entity's commitment to the social considerations of ESG.
xxix) The Uganda National Bureau of Standards Act, Cap 210	Environmental friendliness, consumer safety and Quality control are key concerns of the (UNBS) Uganda National Bureau of Standards. UNBS standards are a platform for ESG compliance as they set minimum acceptable standards on the market.
(xl) The Uganda Tourism Act, Cap 82	Customer acquisition, customer retention, managing risks and regulations, gaining access to sustainable financing and managing investor relations is a critical part of the tourism sector which is heavily influenced by ESG. This act sets out a compliance regime for players in the tourism industry.
(xli) The Uganda Wildlife Act, Cap 315	Wildlife conservation is a primary part of ESG considerations. The Wildlife Act creates a legal regime in Uganda for the protection and conservation of wild life including the creation of conservation areas.
(xlii) The Water Act, Cap 164	ESG considerations focus on proper management of water resources under environmental considerations. The Water Act regulates the protection, management, supply and use of water resources.

Legislation	Relevance
(xliii) The Whistle-blowers Protection Act, Cap 34	Whistle-blowing is crucial to discovery of green washing and fraud. The Whistle Blowers Protection Act creates a legal framework for the protection of persons who report this wrong doing to the relevant authorities.
(xliv) The Workers Compensation Act, Cap 233	Compensation of workers is fundamental to ESG objectives at the work place. Employees must make good of any loss suffered by employees as a result of their work. This Act sets legal requirements for the compensation of injuries faced in the course of employment.
(xlv) The Public Procurement and Disposal of Public Assets Act, Cap 205	Transparency, ESG risk, sustainable supply chains are key concerns of purchases by a government that heavily relies on debt. The PPDPA is a framework that integrates these concerns into procurement processes.

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