



WHY ESG
IS THE NEW
BOARDROOM
IMPERATIVE FOR
AFRICA

BY PHEONA N. WALL SC

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Picture this: You're in a board meeting in Lagos, Kampala, or Cape Town. The agenda used to be simple—revenue, costs, market share. Today, if ESG is not on that agenda, you are already behind. It's no longer a “nice-to-have” or a compliance tick-box. It is the new lens through which capital, talent, regulators, and customers judge your company. By 2050, Africa's youth population, already the largest in the world, is projected to double to over 830 and therefore sustainable business practices are no longer optional.

Environmental, Social, and Governance (ESG) frameworks have emerged as the cornerstone of strategic decision-making, transforming abstract ideals into tangible imperatives for resilience and growth. Across the continent, ESG is evolving from a Western import to a homegrown necessity, driven by regulatory evolution, investor demands, and the urgent realities of climate vulnerability and social equity. As the CSR|ESG Training Institute aptly puts it;

"ESG is no longer a 'nice to have'—it's Africa's business imperative."

African directors can no longer delegate ESG to the sustainability team or the company secretary. It belongs in the boardroom—and it belongs at the very top of the conversation.

Here is why:

1. CAPITAL IS VOTING WITH ITS FEET

“Investors are increasingly looking at ESG as a proxy for management quality,” says the African Development Bank’s Vice President, Dr Kevin Urama.

In plain language: if your ESG story is weak, your cost of money goes up. Companies with strong, credible ESG practices now enjoy borrowing rates that can be 10–20% lower than their peers. Green bonds, sustainability-linked loans, and impact funds are flooding in, but only to companies that can prove they walk the talk. Take Kenya Commercial Bank (KCB): Its board embedded ESG into its lending framework, securing a \$150 million sustainability-linked loan in 2024 with rates tied directly to ESG performance targets. The result? Preferential financing that fueled expansion while signaling to investors that KCB’s board treats sustainability as a profit driver, not a burden.



2. REGULATORS ARE NO LONGER ASKING—THEY ARE REQUIRING

South Africa’s King IV already demands it. Nigeria’s SEC now penalises poor disclosure. The Johannesburg Stock Exchange and Nairobi Securities Exchange are both moving toward “comply or explain” ESG rules.

MultiChoice Group in South Africa shows how boards are stepping up. Their board takes ultimate responsibility for weaving ESG into the overall strategy, delegating day-to-day oversight to a dedicated Social and Ethics Committee and a Sustainability, Ethics, and Compliance (SEC) Committee. This structure ensured smooth reporting and compliance, avoiding fines while aligning the entire group on ethical governance.

And in Uganda, the Bank of Uganda (BoU) launched a groundbreaking ESG Framework for the banking sector in June 2024, in partnership with the Uganda Bankers Association. This set of guidelines and principles is designed to help financial institutions achieve sustainability goals, transition clients to low-carbon economies, and boost financial inclusivity. Its key pillars—ESG Governance, Sustainable Finance, ESG Risk Management, and Reporting—start right at the board level, emphasizing oversight from directors down to front-line staff.

For Ugandan boards, this means embedding ESG into every strategy session or risk facing regulatory scrutiny that could hit your bottom line.

Globally, listed companies used to debate whether ESG mattered. Now they debate how fast they have to move before they we get delisted.

3. CLIMATE RISK IS BUSINESS RISK

Africa contributes less than 4% of global emissions, yet we suffer some of the worst impacts. When the rains fail in East Africa, beer sales drop because farmers have no money. When floods hit Nigeria, supply chains shut down for weeks. Diageo's East African Breweries learned this the hard way and then turned it into an advantage: they invested heavily in watershed protection and saved hundreds of millions of shillings while securing their raw materials. The board that ignores climate risk is the board that will explain to shareholders why profits disappeared overnight.

Nigerian Breweries took a similar page from that playbook. Facing water scarcity in key production areas, their board prioritized water stewardship initiatives, slashing production risks and operational costs. It wasn't just good for the planet—it kept the business running when competitors faltered.

4. YOUR BEST PEOPLE—AND YOUR FUTURE CUSTOMERS—ARE WATCHING

The young Africans who will make up 40% of the world's workforce by 2035 want to work for companies that stand for something. One fintech CEO in Lagos told me at a recently concluded Fintec event in Kampala: "When we started talking openly about financial inclusion and data ethics, our best engineers stopped leaving for London and Silicon Valley." Purpose retains talent. And purpose starts in the boardroom.



Safaricom's board in Kenya gets this intimately. By championing M-Pesa since 2007, they didn't just launch a mobile money revolution—they brought formal financial services to over 20 million unbanked Kenyans, supercharging small businesses and rural economies. This social impact, overseen at the board level, boosted brand loyalty and market dominance, turning ESG into a talent magnet and customer draw.

In Uganda's evolving ESG landscape—bolstered by the Bank of Uganda's 2024 Framework—these organizations exemplify board-level commitment to sustainability. Here's a concise overview of their key initiatives as of November 2025, focusing on environmental, social, and governance impacts.



National Water and Sewerage Corporation (NWSC):

Resilience in Utilities NWSC, serving over 3.6 million across 66 urban centers, treats sustainability as a "core pillar." Environmentally, the board drives catchment restorations, tree planting, and climate risk programs, securing a Shs90 billion KfW grant in 2025 for Northern Uganda's water infrastructure upgrades, including stormwater and waste management to combat floods in refugee areas. Socially, they maintain 21,600 subsidized standposts for vulnerable access and fund female engineering scholarships for STEM diversity. Governance emphasizes transparent reporting under the NWSC Act, subsidizing industrial tariffs (UGX 2,500/m³) to support manufacturing while conserving resources.

Outcome: Enhanced efficiency, community equity, and investor appeal in water-scarce regions.



Uganda Tourism Board (UTB): Green Growth in Hospitality

UTB's board positions sustainable tourism as Uganda's global brand, targeting top-5 African status by 2025 amid 1.27 million visitors in 2023 (82% pandemic recovery).

Environmentally and socially, they promote ecotourism via UNDP-Bwindi projects linking conservation to local jobs, the 2025 Tourism for Uganda Transformation (TUT) program for infrastructure and diversification, and CBI's Ukarimu Project training 43 operators for eco-conscious European markets.

Joining the Global Sustainable Tourism Council in 2024 enables certifications and best-practice sharing. Governance involves partnerships like ESTOA and POATE Expo for green standards.

Outcome: Projected forex boost (second-largest after remittances), cultural preservation (34,000+ site visitors in 2024), and resilient, inclusive tourism.



Uganda Breweries Limited (UBL): Grain-to-Glass Sustainability

UBL, Diageo's Ugandan arm, embeds ESG via "Society 2030," launching its 2025 report themed "A Sustainable Future in Every Drop." Environmentally, they've slashed carbon emissions >90% using biomass and electric forklifts (1.2 kt CO₂e), invested Shs1.5 billion in water projects (e.g., boreholes benefiting 5,000+ in Kumi/Apac, solar schemes for 1,100 households), and restored wetlands like Gangu/Nawandigi. The ROOTs campaign planted 5,000 trees in Nakaseke toward 40 million by 2025.

Socially, the Farm for Success program partners with 35,000+ farmers (UGX45 billion invested), sourcing 100% local grains by 2030, and educated 26,000 students in 69 schools on responsible drinking. Governance aligns with global awards (Diageo Brewery of the Year 2025 for efficiency).

Outcome: Rural livelihoods strengthened, zero-waste goals, and operational excellence.



MTN Uganda: Digital Inclusion with a Green Edge

MTN, with 18 million customers, integrates ESG into "Ambition 2025" via "Project Zero." Environmentally, solar-hybrid upgrades at 3,339 sites cut Scope 1/2 emissions 58.4%, EV fleet pilots reduce diesel reliance, and reforestation restored 220 hectares in five reserves. Socially, the MTN Foundation invested Shs4.6 billion in education/digital skills for 16,000+ learners and 4,800 youth, while MoMo fintech literacy empowered women entrepreneurs; supplier diversity hit UGX73.6 billion with women-owned firms (73.8% growth). Governance shines in the sector's first 2024 Sustainability Report (IFRS-aligned, UN SDGs), earning 2025 FiRe Awards for transparency.

Outcome: 4G at 87.9%, 5G at 15.3%, talent retention, and \$100 million green loan access.

Unified Impact:

These efforts—spanning utilities, tourism, brewing, and telecom—unlock grants, certifications, and growth while addressing Uganda's climate, equity, and governance challenges. Boards prioritizing ESG like these aren't just complying; they're driving shared prosperity, with measurable ROI in resilience and reputation.

5. REPUTATION IS NOW DECIDED IN MINUTES, NOT MONTHS

A community protest, an environmental spill, or a bribery headline travels across WhatsApp and X faster than any crisis team can respond. Boards that have already set clear ESG red lines sleep better at night. Those that haven't are one viral video away from a share-price nightmare.

AngloGold Ashanti's board in Ghana learned this lesson and flipped it. They rolled out industry-leading community development programs, cutting environmental incidents and operational disruptions through genuine local engagement. The payoff? Stronger community support that shielded them from protests and built long-term trust.

6. THE UPSIDE IS BIGGER THAN THE COST

Safaricom didn't adopt ESG because it felt charitable. It did so because M-Pesa's growth depends on trust, and trust depends on inclusion and ethics. Today its ESG leadership is a core part of why it commands the valuation premium it does.

Look at Volta River Authority in Ghana: Their board drove energy efficiency programs tied to ESG goals, trimming operational costs by over 15% while enhancing environmental performance. Or Nedbank in South Africa, where board-level ESG integration in lending unlocked new green financing products and revenue streams. These aren't outliers—they're blueprints for boards serious about growth.

WHAT THE SMART BOARDS ARE DOING RIGHT NOW

Drawing from the CSR Training Institute's 2025 guide on ESG integration, here's what leading African boards are prioritizing:

1. Establishing dedicated ESG committees at the board level for clear oversight and reporting.
2. Integrating ESG metrics into executive performance pay to align incentives with long-term value.
3. Building board capabilities through training on Africa-specific risks, like climate vulnerabilities or community dynamics.

One veteran chairman during the recently concluded Arbitration Conference in Kampala summed it up perfectly last week:

"Five years ago we asked, 'Can we afford ESG?' Today the question is, 'Can we afford to be without it?' The answer is no."

Directors who still treat ESG as a side issue are directing yesterday's company in tomorrow's world. The African boardrooms that put ESG at the centre today—like those at MTN, UTB, NWSC, MultiChoice, and Safaricom—are the ones that will still be in business—and will still be profitable—ten years from now.

The choice is simple. Lead on ESG, or watch someone else take your seat at the table.



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