# UGANDA
# KATENDE, SSEMPEBWA & CO. ADVOCATES

## FIRM INFORMATION

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# UGANDA I KATENDE, SSEMPEBWA & CO. ADVOCATES

## 1. SETTING THE SCENE - SOURCES AND OVERVIEW

**1.1 Main substantive ESG-related laws in The Republic of Uganda ("Uganda")**

1.1.1 In respect of the environmental aspect of ESG, the following are the ESG related laws in Uganda -

1.1.1.1 the Constitution of the Republic of Uganda, 1995 (as amended) ("**Constitution**") which provides for the right to a clean and healthy environment and empowers parliament to make laws for the protection and preservation of the environment;

1.1.1.2 the National Climate Change Act, Cap 182 which gives force to the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement;

1.1.1.3 the National Environment Act, Cap 181;

1.1.1.4 the National Forestry and Tree Planting Act, Cap 160;

1.1.1.5 the National Water and Sewerage Corporation Act, Cap 204;

1.1.1.6 the Nile Basin Initiative Act, Cap 189;

1.1.1.7 the Water Act, Cap 164;

1.1.1.8 the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, Cap 162;

1.1.1.9 the Uganda Tourism Act, Cap 82;

1.1.1.10 the Uganda Wildlife Act, Cap 315;

1.1.1.11 the National Climate Change (Climate Change Mechanism) Regulations, 2025 which provide for, inter alia, the approval of carbon projects and the domestic and international transfer of certified greenhouse gas emissions; and

1.1.1.12 the National Environment (Oil Spill Prevention, Preparedness and Response) Regulations, 2020.

1.1.2 In respect the social aspect of ESG, the following are the ESG related laws in Uganda -

1.1.2.1 the Constitution provides for equality, freedom from discrimination, protection from slavery, servitude and forced labour, the right to education, the rights of women and children and the rights of persons with disabilities;

1.1.2.2 the Anti-Corruption Act, Cap 116;

1.1.2.3 the Anti-Money Laundering Act, Cap 118;

1.1.2.4 the Capital Markets Authority Act, Cap 64;

1.1.2.5 the Children Act, Cap 62;

1.1.2.6 the Employment Act, Cap 226;

1.1.2.7 the Penal Code Act, Cap 128;

1.1.2.8 the Land Act, Cap 236;

1.1.2.9 the Physical Planning Act, Cap 142;

1.1.2.10 the Prohibition and Prevention of Torture Act, Cap 130;

1.1.2.11 the Uganda National Bureau of Standards Act, Cap 210;

1.1.2.12 the Occupational Safety and Health Act, Cap 231;

1.1.2.13 the Workers Compensation Act, Cap 233;

1.1.2.14 the Narcotic Drugs and Psychotropic Substances (Control) Act, Cap 37; and

1.1.2.15 the National Drug Policy and Authority Act, Cap 198.

1.1.3 In respect to the governance aspect of ESG, the following are the ESG related laws in Uganda -

1.1.3.1 the Constitution;

1.1.3.2 the Companies Act, Cap 106;

1.1.3.3 the Competition Act, Cap 66;

1.1.3.4 the Data Protection and Privacy Act, Cap 97;

1.1.3.5 the Income Tax Act, Cap 338;

1.1.3.6 the Public Procurement and Disposal of Public Assets Act, Cap 205;

1.1.3.7 the Investment Code Act, Cap 74;

1.1.3.8 the Whistle-blowers Protection Act, Cap 34;

1.1.3.9 the Consolidated Corporate Governance Guidelines, 2022;

1.1.3.10 the Financial Institutions (Corporate Governance) Regulations, 2005; and

1.1.3.11 the Capital Markets Corporate Guidelines 2003 which apply to all listed companies and issuers of public debt in Uganda.

**1.2 ESG disclosure requirements in Uganda**

Uganda does not have formal ESG disclosure regulations. ESG reporting in Uganda is largely voluntary, meaning companies are not legally compelled to disclose ESG information. The banking industry has however, developed an ESG framework for the banking sector under the Uganda Banker's Association (UBA) in January 2024, which encourages banks to report annually on their ESG performance, either through their sustainability/ ESG reports or in their integrated annual reports.

**1.3 Compulsory versus discretionary ESG-related disclosures in Uganda, and the frequency of such disclosures**

ESG disclosures remain discretionary at this point in Uganda.

**1.4 If ESG-related disclosures are discretionary, are compulsory ESG disclosures being considered by the regulators in Uganda and is it envisaged that such disclosures will, at some stage, become compulsory?**

The Capital Markets Authority is currently in the process of enacting Corporate Governance Regulations applicable to all listed entities and market intermediaries such as stock brokers. These guidelines will introduce disclosure requirements relating to director remuneration, confirmation that the business will continue as a going concern and the sustainability of the company's model, among other things.

**1.5 Significant private sector initiatives relating to ESG-related laws and/ or disclosures in Uganda**

The United Banker's Association developed an ESG framework for the banking sector in January 2024. Additionally, the Institute of Certified Public Accountants of Uganda (ICPAU), has unveiled a three stage plan which aims to implement the International Sustainability Standard Board ("**ISSB**") International Financial Reporting Standards ("**IFRS**") S1 and IFRS S2.

## 2. PRINCIPAL SOURCES OF ESG PRESSURE

**2.1 Investor and Asset/ Investment Manager Perspectives on ESG Compliance and Influence Strategies**

Currently, the views of investors and asset/ investment managers are dependent on the respective investors and asset/ investment managers.

**2.2 Stakeholder Influence on ESG Compliance**

In Uganda, the ESG framework for the banking sector requires banks to come up with types of financial products or services which integrate environmental, social and governance criteria.

**2.3 Principal regulators of ESG compliance in Uganda and their focus areas**

There is no centralised regulator of ESG compliance in Uganda. However, specific ESG aspects are regulated by industry specific regulators such as the National Environmental Management Authority regulating environmental concerns, the Bank of Uganda regulating financial institutions and the Capital Markets Authority regulating publicly listed companies. The focus of the Bank of Uganda and Capital Markets Authority is on corporate governance aspects of ESG whereas the focus of the National Environmental management Authority is on environmental concerns.

**2.4 Liability and Penalties for ESG Non-Compliance: Piercing the Corporate Veil**

There are currently no penalties for non-compliance with ESG as ESG compliance is still voluntary in Uganda.

**2.5 Material ESG Enforcement Actions in Uganda**

There have been no material ESG enforcement actions in Uganda.

**2.6 ESG Litigation Risks and Emerging Legal Exposure**

2.6.1 The principal ESG-related litigation risks include climate change action and environmental degradation. Uganda has witnessed litigation related to climate action in recent years. In Tsama William and Others versus Attorney General Case No. 024 of 2020 litigation was brought on the grounds that Uganda had failed to fulfil its positive obligations under national and international climate change and disaster management law to manage the risk of landslides in the Bududa district in Uganda.

2.6.2 The other case is Mbabazi & Ors versus Attorney General Civil Suit No. 283 of 2012 which deals with the alleged obligation of the Ugandan government to mitigate climate change pursuant to the public trust doctrine.

2.6.3 Currently, there is an appeal against the East African Crude Oil Pipeline (EACOP) in Uganda. In November 2020, AFIEGO and the Centre for Food and Adequate Living Rights (CEFROHT), both from Uganda, Natural Justice (Kenya), and the Centre for Strategic Litigation (Tanzania) filed a case with the East African Court of Justice (EACJ) to halt construction of the East African crude oil pipeline.

### 2.7 Key ESG Compliance Concerns in Uganda

Environmental and Corporate governance issues.

### 2.8 Shareholder Activism Triggered by ESG Non-Compliance

Not applicable in Uganda.

## 3. ENVIRONMENTAL METRICS AND GOALS

### 3.1 Carbon Footprint Disclosure Requirements: Scope 1, 2 and 3 Emissions

Uganda has put in place the National Climate Change (Climate Change Mechanism) Regulations, 2025 which provide for approval of carbon projects, domestic and international transfer of certified greenhouse gas emissions, among other things. They also provide for carbon trading.

### 3.2 Emissions Reduction Targets and Enforcement in Uganda

Section 9 of the National Climate Change Act states that a lead agency shall develop a baseline of carbon dioxide and other targeted greenhouse gas emissions. However, specific targets have so far not been set by respective lead agencies in every sector. Therefore, emission reduction is still voluntary and incentivised by the National Climate Change Mechanism) Regulations 2025 which provide for Carbon Trading of Certified Emission Reduction Units.

### 3.3 Sector-Based Environmental Disclosure Requirements

3.3.1 Organisations in Uganda are required to measure, monitor and disclose their water usage under the Water Act Cap 164. For example, a person who carries out any works or construction is required to obtain a water permit from the Director under section 17 of the Water Act Cap 164. The permit may quantify the amount of water to be used. The water permit is granted under the condition that the water shall not be polluted, the source from which water is taken or to which the water is discharged after use is not damaged among other things.

3.3.2 In addition to that, the Water (Waste Discharge) Regulations 1998 specify standards for treated effluent or waste before discharge. Any trade or industry which discharges or which will discharge effluent or waste into the aquatic environment or land is required to apply for a water discharge permit.

3.3.3 The National Environment (Waste Management) Regulations 2020 outline requirements for waste management, including the need to obtain written consent from local governments for waste storage, treatment and disposal facilities.

### 3.4 Statutory Obligations for Renewable Energy and Efficiency Reporting

Not applicable in Uganda.

### 3.5 Biodiversity Disclosure Obligations in Operations and Supply Chains

There is no specific legislation in Uganda that requires biodiversity measuring, monitoring and disclosure by organisations. However, several pieces of legislation and policies indirectly require it. These include the National Environment Act Cap 181 and the National Biodiversity Strategy and Action Plan (NBSAP II). Uganda also adopted the Convention on Biological Diversity in Rio de Janeiro in June 1992.

## 4. CLIMATE RISK ASSESSMENT

### 4.1 What physical climate risks have been identified in your jurisdiction?

According to the World Bank Climate risk profile (2021), drought, floods and landslides have been identified as physical climate risks in Uganda.

### 4.2 Challenges of Transitioning to a Low-Carbon Economy

Climate variability due to changes in weather patterns, technological and infrastructural challenges, regulatory uncertainty, economic disruption due to reliance on fossil fuels.

### 4.3 Statutory Integration of Climate Risks into Enterprise Governance

Uganda being a signatory to the United Nations Framework Convention on Climate Change is obligated to climate change in its social, economic and environmental policies.

### 4.4 Insurance Coverage for Climate Hazards and Anticipated Exclusions

This is on case-by-case basis depending on the insurer.

### 4.5 Climate Adaptation Strategies by State, Business and Civil Society

Uganda under its National Climate Change Policy is implementing several climate adaption strategies which include but are not limited to promoting climate-resilient agricultural practices, strengthening water harvesting and management, strengthening health systems to cope with climate related health risks, afforestation and reforestation, early warning systems to predict climate hazards and provide timely warnings to vulnerable populations, community-based adaption, to mention a few.
Most businesses implement different climate adaptation

strategies like afforestation and re-afforestation, water and waste management to reduce on the effects of climate change on the environment. Banks in Uganda have supported energy transition by investing into renewable energy for example, Stanbic Uganda Limited in proud partnership with Aptech Africa, a green business providing solar energy and solar powered water systems.

## 5. INTEGRATION OF ESG INTO STRATEGY, BUSINESS OPERATIONS AND PLANNING

### 5.1 ESG Oversight: Board and Management Responsibilities

The board of directors for publicly listed companies, and company directors for private limited liability companies.

### 5.2 Statutory Governance Mechanisms for ESG Oversight

Currently there are no governance mechanisms statutorily required to be in place to supervise management of ESG compliance. However, the role of the board is to ensure that companies operate sustainably, put in place ESG policies and ensure that the company reports on its sustainability measures on top of financial reports.

### 5.3 ESG-Linked Remuneration and Incentive Structures

Not applicable in Uganda.

### 5.4 Operational Integration of ESG Compliance Across Sectors

5.4.1 Some organisations require suppliers to disclose their ESG policy, their anti-bribery policies, health and safety policies for their employees.

5.4.2 Some organisations in Uganda especially in the hospitality sector such as Torino bar and restaurant do not use products that are harmful to the environment for example they use glass bottles instead of plastic bottles. Other entities have taken up digital migration to reduce on use of paper, wellness programs for their employees, to mention a few.

5.4.3 Multi-national entities in Uganda have ESG policies that they adopt from their parent companies in their country of origin.

5.4.4 Multi-national insurance entities like Britam Insurance in Uganda do not offer insurance covers for activities which are against global ESG best practices for example, activities which involve deforestation, slavery, child labour, prostitution.

5.4.5 Recycling has been taken up by the manufacturing sector to reduce waste, cut costs of production and protect the environment.

### 5.5 Determining ESG Materiality for Disclosure and Reporting

Currently there is no clear framework for ESG in Uganda as different business use different reporting and disclosure frameworks. As a result, there is no market accepted materiality test.

### 5.6 Board and Management Adaptation to ESG Oversight Requirements

Multi-national companies and other quasi-government entities such as the National Social Security Fund have hired ESG officers to oversee, manage and monitor ESG Compliance in Uganda. Others have opted to use international ESG reporting frameworks in absence of any local mandatory ESG reporting requirements like the ISSB reporting standards like IFRS 1 and IFRS 2, among other things.

### 5.7 Data Security and Privacy Requirements for Organisations in Uganda

5.7.1 Companies in Uganda are required to have systems in place to ensure data security and client's customer privacy pursuant to the Data Privacy and Protection Act Cap 97.

5.7.2 Section 10 of the Act provides that a data collector, data processor or data controller shall not collect, hold, or process personal data in a way that infringes on the privacy of a data subject. Companies that collect, process or control personal data are required to have controls against security breaches and be registered with the Personal Data Protection Office.

### 5.8 Cybersecurity Risk Management Requirements for Organisations

Although Uganda has different laws that provide for management and monitoring of cyber security risks, the primary legislation is the Computer Misuse Act Cap 95 which criminalises unauthorised access to data.

### 5.9 Compliance with Global Data Protection Standards (e.g. GDPR)

Applicable to Uganda.

## 6. FINANCE

### 6.1 How Financiers Apply ESG Ratings in Uganda

Uganda currently has no ESG ratings.

### 6.2 Top ESG Rating Agencies in Uganda

Currently, there are not ESG rating agencies in Uganda.

### 6.3 Ensuring Consistency in ESG and Financial Reporting in Uganda

Most organisations in Uganda, with the exception of banks and public listed entities do not report on non-financial ESG reporting.

### 6.4 Role of Green and Social Bonds in Uganda

Not applicable in Uganda.

### 6.5 Role and Outlook of Sustainability-Linked Bonds in Uganda

Not applicable in Uganda.

### 6.6 Key Barriers to Sustainable Bond Adoption in Uganda

Social, green bonds and sustainability-linked bonds are not common place in Uganda and are in their nascent stage.

### 6.7 Assurance and Regulation of Green Bond Verification in Uganda

Not applicable in Uganda.

## 7. TRENDS

### Material trends related to ESG Compliance and disclosure in Uganda

7.1 Currently, ESG compliance and disclosure is still in its nascent stage in Uganda with a few sectors coming up with voluntary ESG compliance and disclosure requirements such as the banking sector, the manufacturing sector, and the Capital Markets Authority which is in the process of developing regulations that will require ESG disclosure for public listed entities.

7.2 At this point, ESG compliance and disclosure is voluntary with no mandatory statutory requirements and is largely driven by industry sectors.