



RWANDA STOCK EXCHANGE ESG REPORTING GUIDELINES





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Foreword

CEO, Rwanda Stock Exchange

Businesses are facing new challenges in ensuring long term sustainability. The Environmental, Social and Governance (ESG) aspects of running an organization are becoming more significant. In the investment universe, investors continue to consider non-financial criteria such as the relationship with employees and other partners, the impact of corporate activities on the environment or the implementation of the highest standards of corporate governance into the capital allocation and research process. As a result, companies are becoming more aware of ESG factors and are integrating them into their operations.

Sustainability reporting has become a core dimension that allows companies to measure the direct effects of their activities and incorporate ESG factors into their business decisions, a step to achieving sustainable business development.

Stock Exchanges worldwide have a duty to aid in the transition towards a green economy by encouraging green financing platforms and formulating sustainable investment frameworks. To support the reporting process, Rwanda Stock Exchange has developed and launched a concise and actionable ESG Reporting Guidelines aligned with the GRI reporting framework. This Guide provides an invaluable tool for businesses operating in Rwanda to emerge as global leaders in ESG disclosures and guide investors in interacting with ESG reports, including but not limited to help them understand how to address ESG issues as well as improve their access to capital.

We aspire that this guiding material will inspire both listed and non-listed companies' sustainable journey towards a green future for our economy and society.

CEO, GRI

Transparency on the impacts of a business is essential for continuous improvement as well as for stakeholder relationships. Without transparency, there is no trust – and without trust, markets do not function efficiently, and institutions lose their legitimacy. That is why the practice of sustainability reporting has been steadily growing over the past two decades. For 25 years GRI has been leading the way by providing the world's most widely adopted standards for sustainability impacts, the GRI Standards, that are according to a recent study are now used by 78% of the 250 largest companies in the world¹.

Governments, stock exchanges, market regulators, investors, civil society and other stakeholders are demanding more and better information on the sustainability impacts of businesses. GRI recognizes the importance of aligning corporate sustainability reporting with the information needs of these stakeholders, providing decision-useful data to direct capital towards sustainable business practices.

Regulatory changes that make environmental, social and governance (ESG) disclosure a mandatory requirement are on the rise. Firstly, from January 2024 large and listed EU companies will have to start reporting under the EU Corporate Sustainability Reporting Directive (CSRD), using the mandatory European Sustainability Reporting Standards (ESRS). Those standards have been developed by the European Financial Reporting Advisory Group (EFRAG) in close cooperation with GRI. As a result, the highest possible level of interoperability between the double materiality-based standards from the EU

¹ <https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/10/ssr-small-steps-big-shifts.pdf>.



and the Impact standards from GRI has been reached. Ensuring that existing GRI reporters are well prepared to report under the ESRS.

Secondly, in June 2023 the IFRS Foundation launched its first two IFRS Financial Sustainability Disclosure Standards as developed by the International Sustainability Standards Board (ISSB). These two standards focus on the information needs of investors to understand the financial risks and opportunities related to sustainability issues. These financial materiality focused standards are a complement to the GRI's impact focused standards. In recognition of this complementarity GRI and the ISSB have signed a Memorandum of Understanding, which is a second important step towards bringing sustainability and financial reporting on equal footing, whilst also ensuring global comparability.

A final trend we observe is the move towards external assurance. For example, the CSRD in Europe mandates assurance as of 2027. Regardless of legislative pressures, companies themselves are also seeking assurance already. The recent global study from the International Federation of Accountants (IFAC) found that 39% of GRI reports are already externally assured. IFAC is now in the process of developing a global standard agnostic assurance standard.

What global trends such as these signify is the importance of providing robust guidance to companies on how to effectively disclose their sustainability impacts. We therefore commend the Rwanda Stock Exchange (RSE) for producing this new ESG guide, which will help Rwandan companies to be accountable for their impacts while increasing their competitiveness in the global marketplace.

GRI appreciates the opportunity to collaborate on this publication with the RSE and the African Securities Exchanges Association (ASEA), and we acknowledge the support of the Swiss State Secretariat for Economic Affairs (SECO) for their support. We look forward to continuing to work

together with RSE and the listed Rwandan companies in support of a sustainable future. Sustainability reporting has become a core dimension of the development of capital markets. The increasing push from policy-makers, regulators and institutional investors is driving a growing share of global financial flows towards sustainable investments. This requires more transparency around the way issuers manage environmental, social and governance risks.

There is growing pressure on companies to adhere to international best practices on sustainability reporting. Rwanda is on its pathway to align national regulations and market practices with the GRI reporting frameworks and increase the awareness of issuers and companies of sound ESG disclosure.

GRI appreciates the opportunity to collaborate on this publication with Rwanda Stock Exchange and the African Securities Exchange Association (ASEA), and we acknowledge the Swiss State Secretariat for Economic Affairs (SECO) for their support. GRI looks forward to future engagements with RSE in support of a sustainable future.



Disclaimer

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This ESG Reporting Guidelines manual has been prepared by Dr. Edward Mungai and Loise Wangui under Impact Africa Consulting with support from Global Reporting Initiative (GRI) and Swiss State Secretariat for Economic Affairs (SECO), for the Rwanda Stock Exchange (RSE). This guidance is for application by issuers listed on the RSE as a guide in ESG reporting. No part of this document and its contents shall be copied or reproduced for commercial purposes without the written consent of RSE.



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GRI would like to thank the Swiss Government for their financial support to the development of this ESG Reporting Guideline.

1.0 Abbreviations and Definitions of Terms

1.1 List of acronyms and abbreviations

ABBREVIATION	MEANING
CDP	Carbon Disclosure Project
CMA	Capital Markets Authority
CoP	Communication on Progress
CSRD	Corporate Sustainability Reporting Directive
CSSD	Corporate Sustainability Due Diligence
DFI	Development Finance Institution
E&S	Environmental and Social
EFRAG	European Financial Reporting Advisory Group
EMEA	Europe, the Middle East, and Africa
EPA	Environmental Protection Agency (Rwanda)
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
ESRS	European Sustainability Reporting Standards
EU	European Union
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
IFC	International Finance Corporation
IFRS	International Finance Reporting Standards
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
RSE	Rwanda Stock Exchange

SDG	Sustainable Development Goals
SWOT	Strengths, Weaknesses, Threats and Opportunities
TCFD	Task Force on Climate Related Financial Disclosures
UNGC	United Nations Global Compact
UNPRI	United Nations Principles for Responsible Investment

1.2 Definitions of Terms

Term	Meaning
GRI Standards Standards, 2021	The Global Reporting Initiatives (GRI) Sustainability Reporting Standards
Internal Audit	An organizational process that evaluates performance of internal controls over key risks identified by the organization and provides assurance over performance of these internal controls to Senior Management and to the Board.
Management Systems	People, processes, and automated tools designed and working together to create efficiencies in operations and ensure predictability in process performance.
Materiality Assessment	The process of prioritizing ESG topics for reporting and based on the assessed needs of different stakeholders.
Responsible Investment	The practice of capital allocation that considers the wider environmental and societal impact of the investment in addition to financial returns
Sustainable Development Goals	The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Sustainability Reporting

An Organization's practice of reporting publicly on its economic, environmental, and/or social impacts including its impacts on human rights, and hence its contributions – positive or negative – towards the goal of sustainable development. Also commonly referred to as sustainability reporting or non-financial reporting.

Value Creation

Refers to creating (and preserving) financial and societal value for stakeholders by developing strategies that manage material ESG risks and capture related opportunities.

2.0 Introduction

Environmental, social, and governance (ESG) considerations are becoming increasingly prevalent in investment choices throughout the world. As a result, in making investment decisions, investors are not only considering the financial performance of businesses but also the impacts of the business to the environment, society and its corporate direction regarding ESG risks.

To effectively facilitate investor decision making, increase transparency and foster information symmetry, businesses must disclose publicly metrics that reflect the overall enterprise value through financial and non-financial information sharing to various stakeholders, interested in understanding how the company's pursuit of shareholder value impacts the economic, social and environmental aspects. This is done through sustainability reporting.

Rwanda Stock Exchange noted the challenges faced by listed and non-listed companies in Rwanda in their attempt to evolve their business practices in more sustainable ways these challenges include:

- Lack of integration of ESG into their business strategy.
- Model of ESG integration is more PR focused.
- Lack of tools and policies to measure their ESG.
- Most staff members are green in matters ESG reporting.

Rwanda Stock Exchange issues this guideline to assist companies navigate the arena of sustainability thinking and disclosure more confidently and meaningfully.

2.1 Who is this guideline for?

While intended primarily to assist RSE-listed companies, this guideline will also be of value to non-listed companies, institutional investors, small and medium sized companies, as well as a range of other stakeholder groups interested in sustainability/ ESG disclosure and performance.

This guideline therefore provides guidance on how companies in Rwanda, as well as other organizations interested in ESG reporting can gather, assess, and openly disclose significant ESG information in a manner that aligns with global standards for sustainability reporting. Additionally, it offers guidance on how to gradually incorporate ESG considerations into an organization's strategy, operations, and performance management and transition through various stages of ESG maturity.



2.2 RSE ESG Reporting Guideline

The *RSE ESG Reporting Guideline* is aligned with, and draws on, the most influential global initiatives on sustainability disclosures, including the GRI Sustainability Reporting Standards, the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, the International Integrated Reporting Council's (IIRC) framework and the sustainability/ESG disclosure guidance of various peer Exchanges.

This guideline outlines global best practices on sustainability integration, commonly reported ESG metrics, per sector, and a standardised process of stakeholder engagement, materiality analysis, report content development and reporting of ESG performance. It is expected that this guideline will act as a reference point for companies in Rwanda to get started on their sustainability integration and reporting journey and as they mature in that space, ably establish a connection between their financial performance and specific ESG indicators and evaluate their ESG performance with peers in the same industry/sector.

Annex 5 of this guideline includes examples of ESG topics that are specific to certain industries, which can be used as a reference.

A report generated in line with these guidelines will enable fulfilment of other reporting obligations, such as reporting to CPD, UNGC, REMA, among others. In addition, these guidelines offer guidance on how to satisfy the disclosure requirements on governance and ESG as outlined in the CMA's code of corporate governance.

Listed companies on the RSE are to report on their ESG performance at least annually. The steps outlined in this ESG Reporting Guideline are expected to guide such reporting.

This manual is also available as a public good for other organisations that would be interested in ESG reporting.

Listed companies will have a grace period of one year from the issuance of the guideline to interact and familiarize themselves with the ESG reporting steps contained in these guidelines to start reporting based on the guideline.

2.3 Primary references

This document should be read and applied together with the following documents as primary references. Additional references are provided as footnotes.

- a. Rwanda Vision 2050 Blueprint.
- b. Draft Capital Markets Corporate Governance Code (CMA Rwanda)
- c. The Global Reporting Initiatives (GRI) Sustainability Reporting Standards 2021.
- d. Rwanda Sustainable Finance Roadmap (2022-2029).
- e. Rwanda National Circular Economy Action Plan and Road Map.
- f. Rwanda Revised Green Growth Strategy.

3.0 What is ESG/Sustainability?

The acronym ESG encompasses a set of specific criteria that define environmental, social, and governance issues that an organization faces and helps stakeholders understand how an organization manages risks and opportunities around sustainability issues in these three areas.

The **Environmental** pillar refers to an organization's environmental impact(s) and risk management practices. These include direct and indirect greenhouse gas emissions, management's stewardship over natural resources, and the firm's overall resiliency against physical climate risks (like droughts, flooding, and fires).

The table below provides a description of some of the environmental factors:

Environmental Factor	Description
Climate change	Refers to change in weather patterns which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.
Air and water pollution	Introduction of harmful materials into the environment. Examples of pollutants are volcanic ash, trash or runoff produced by factories. Pollutants damage the quality of air, water, and land.
Biodiversity	Biodiversity boosts ecosystem productivity where each species, no matter how small, all have an important role to play. Greater species diversity ensures natural sustainability for all life forms.
Waste management	The total supervision of waste production, handling, processing, storage, and transport from its point of generation to its final acceptable disposal.
Natural resources conservation	practice of use while caring for natural resources including air, minerals, plants, soil, water, and wildlife to ensure people benefit from them now and in the future.

The **social** pillar refers to an organization's relationships with its employees, communities, suppliers and service providers, and human rights.

The table below provides a description of some of the social factors:

Social Factor	Description
Data protection and privacy	Includes data protection from compromise by external attackers and malicious insiders and data privacy laws on how data is collected, shared and used.
Community Development	Refers to a range of practices which aim to work with local communities to improve the quality of life, ranging across many areas, including housing, employment, health and social connection
Diversity, equity and inclusion	This includes policies and programs that promote representation and participation of

	different groups of individuals. It encompasses people of different ages, races, ethnicities, abilities, disabilities, genders, religions, cultures and sexual orientations.
Occupation health and safety	General wellbeing of employees, total recordable injury rate and absenteeism rate
Human rights	Rights and freedoms that human beings are entitled to enjoy, without discrimination.

The **Governance** pillar refers to how an organization is led and managed, corporate direction on risk management, internal controls and promotion of corporate ethics, transparency and accountability on the part of leadership.

The table below provides a description of some of the governance factors:

Governance Factor	Description
Governing purpose	The organisation's stated purpose linked to social and environmental benefits and its core business.
Quality of governing body	Composition of the highest governance body and its committees; stakeholder representation, diversity and inclusion, remuneration, independence, competencies relating to economic, environmental, and social issues etc
Ethical behaviour	Internal and external mechanisms to guide and enforce lawful and ethical behaviour and integrity.
Internal controls, Risk and opportunity oversight	Process of integrating risk and opportunity into business, identifying the principal risks facing the organisation, organization's appetite in respect of those risks, how these risks have moved over time and the response to those changes.

Sustainability on the other hand refers to meeting the needs of the present without compromising the ability of future generations to meet their own needs. The table below shows the key differences between ESG and Sustainability.

Environment Social and Governance	Sustainability
ESG has three core principals of Environment, social and Governance	Sustainability is often described though the three pillars of sustainability which include environmental, social and economic.
Focuses on corporate practices and performances and include specific metrics relevant to financial stakeholders such as greenhouse gas emissions, diversity, and inclusion metrics or board diversity	Encompasses a wider range of aspects beyond the business context that include social impact metrics, sustainable supply chain or employee engagement metrics
Many stock exchanges and regulators require companies to disclose ESG information as part of their financial reporting	Disclosure Requirements are voluntary reporting



Although sustainability and ESG might differ in scope and primary application they are interconnected. ESG metrics provide a framework of assessing a company's sustainable performance. In this report we have used the two terms interchangeably to give a wider understanding.

4.0 What is Sustainability Reporting?

GRI defines Sustainability Reporting as the act of publicly disclosing an organization's economic, environmental, and/or social impacts including its impacts on human rights, including both positive and negative contributions towards the goal of sustainable development. This allows an organization to recognize its major impacts on the economy, environment, society, including human rights, and report them using a globally recognized standard. The terms ESG reporting, and Sustainability reporting are used interchangeably in this guideline.

These guidelines take cognizance of the various sustainability reporting frameworks available, including, but not limited to the GRI, TCFD, UNPRI, CPD and IFC. The process on 'how to report' set out in these guidelines would be applicable, regardless of the adopted sustainability reporting framework.

Sustainability reporting enables an organization to publicly disclose its most significant impacts on the economy, environment, and people, including impacts on their human rights and how the organization manages these impacts. This enhances transparency on the organization's impacts and increases organizational accountability.

There is consensus that embedding ESG into organizational strategy, operations and performance management generates significant value to stakeholders and builds organizational resilience. Further, there is a growing body of evidence that good ESG performance is positively correlated with higher returns and financial performance. ESG integration is further enhanced and demonstrated through transparency in ESG performance disclosures to stakeholders.

Stakeholder engagement with listed and non-listed companies in Rwanda indicate a need for sustained capacity building on how to integrate ESG into their strategies and ultimately, how to report on ESG performance.

5.0 ESG Considerations in Investments

Over the past few years, the inclusion of ESG criteria in the process of selecting investments has become more prevalent, and this trend is projected to persist. ESG factors in investment decisions, along with national regulations and mandates, have become a critical drive for ESG integration and disclosure in capital markets. Globally, investors are keen to understand the following:

- a. How the business interacts with the environment (that is, policies on waste management, energy use, carbon footprint, compliance with environmental regulations, etc);
- b. How the business interacts with its employees, communities, service providers and suppliers, policies on data protection, grievance management and human rights; and
- c. How the business governance structures are, corporate ethics, and corporate direction regarding risks management and internal controls.

At the start of 2020, a survey by global sustainable investment reached USD35.3 trillion in the five major markets covered in their report, a 15% increase in the past two years (2018-2020) and 55%



increase in the past four years (2016-2020)². There is a growing interest and appreciation of ESG issues and investors are analysing a company's environmental, social and governance risks, as well as assessing its opportunities and progress, using ESG data and fundamental insights, to inform their allocation of capital.

6.0 Benefits of ESG Integration and Reporting

Integrating sustainable business practices into your organizations strategic decision making is a strategic imperative for long-term success and increase value creation. Publicly disclosing the same provides investors, within the capital markets with information to facilitate informed decision making. Disclosure of ESG performance creates transparency and trust and supports progress towards a sustainable economy.

Some of the expected benefits of integrating and disclosing ESG performance by companies in Rwanda include:

- **Revenues:** It generates an increased financial value for the company by identifying opportunities for cost savings, revenue generation, access to markets, access to finance/capital and risk mitigation. Prompts innovation enhances market differentiation and competitiveness by creating a deeper understanding of stakeholder needs.
- **Cost management:** Costs resulting from operational inefficiencies, weak waste management practices may arise. A company that integrates ESG will save on costs resulting from energy, resource and material efficiencies creating a greater operational resilience, hence improving productivity.
- **Risk Management:** Assessment of ESG material issues allows a company to reflect on ESG risks, allowing it to ably manage them while identifying value creation opportunities. Companies that start on the ESG journey will be able to stay ahead of emerging ESG disclosure regulations as well as protect their licence to operate by demonstrating corporate transparency and responsiveness to stakeholder needs.
- **Stakeholder relationship and corporate reputation:** Companies can demonstrate their corporate commitments to responsible management of environmental, economic, and social impacts. Moreover, they exhibit their corporate adherence to national and international frameworks on ESG development. Improve stakeholder perception by reporting-related stakeholder engagement while ensuring they have relevant needed information to make informed decisions on the ability to create value in the short, medium, and longer term.
- **Social licence to operate:** Refers to the perceptions of local stakeholders that a company, or an industry that operates in a given area or region is socially acceptable or legitimate. This provides opportunities for both listed and non-listed companies to venture into new and expanding markets for sustainable products and services while taking into consideration the ESG supply chain risks.

6.1 Identifying ESG Risks and Opportunities

ESG is not a discrete set of considerations separate from all other organisational, operational and strategic matters. Rather it is an integral part of how companies' function and how they remain operationally relevant and ethically fit. ESG aspects are increasingly quantifiable which helps capture them in financial terms. The below table is a way of structuring common ESG matters across a few categories, which in some companies may also overlap with departments or divisions.

² Global Sustainable Investments. [Link](#)

RISK		OPPORTUNITIES
<ul style="list-style-type: none"> • Licence to operate withheld or withdrawn. • Regulatory fines and penalties. 	 RISK MANAGEMENT	<ul style="list-style-type: none"> • Value preservation. • Improved consistency across operational processes. • Better understanding of stakeholder needs/expectations • Better long-term investment planning
<ul style="list-style-type: none"> • Increase costs resulting from operational inefficiencies. • Waste disposal cost resulting from weak waste management practices. • Heightened risk of labour unrest, and lower employee productivity. • Higher staff turnover rate. 	 OPERATIONAL PERFORMANCE	<ul style="list-style-type: none"> • Cost savings resulting from energy, resource and material efficiencies. • Greater operational resilience and improved productivity
<ul style="list-style-type: none"> • Weakened competitive position as competition strengthen approach to sustainability. • Inability to compete for contracts due to sustainability requirements. 	 NEW BUSINESS OPPORTUNITIES	<ul style="list-style-type: none"> • Comparative B2B advantage (e.g. where supply chain ESG risks matter) • Product and Service Innovation • Opportunities within the green economy • Potential B2C opportunities. (new and expanding markets for sustainable products and services)
<ul style="list-style-type: none"> • Loss of customers. • Difficulties attracting employees. • Protest by stakeholders, such as NGOs. 	REPUTATION	<ul style="list-style-type: none"> • Client loyalty. • Attracting and retaining talent. • Brand value.
<ul style="list-style-type: none"> • Loss of financing. • Higher financing costs due to ESG risk premium. 	 ACCESS TO CAPITAL AND FINANCING	<ul style="list-style-type: none"> • Improved access to capital, including international and long-term institutional investors • More favourable financing terms and conditions.
<ul style="list-style-type: none"> • Low ESG performance assessment by ESG rating providers affecting investors' perception of the company. • Defensive dialogues. 	 STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none"> • Improved understanding of stakeholder needs. • Enhanced investor relations and engagement. • Stakeholder support in challenging times.



7.0 Concepts and Principles in ESG Reporting

ESG reporting is shaped by four main key concepts and adheres to a set of principles to ensure quality of reported information.

7.1 ESG Reporting Key Concepts

ESG reporting or sustainability reporting is shaped by four main pillars and companies should understand how these key concepts are applied for ease in the collection and preparation of information for purposes of developing the report content. The key concepts discussed here are in accordance the GRI Universal Standards 2021. These four pillars include:

1. **Due diligence** - refers to the process through which an organization identifies, prevents, mitigates, and accounts for how it addresses its actual and potential negative impacts on the economy, environment, and people, including impacts on their human rights.
2. **Impact** - refers to the effect an organization has or could have on the economy, the environment and people, and which in turn can indicate its contribution which can either be positive or negative to sustainable development.
3. **Material topics** - refer to topics that represent an organization's most significant impacts on the economy, environment, and people including their human rights.
4. **Stakeholders** - refer to parties that can reasonably be expected to be significantly affected by your company's activities, products, or services, or whose actions can reasonably be expected to affect your company's ability to realize its strategy or goals.

For detailed guidance on how to apply the key concepts, companies should refer to the GRI Standards 2021. (GRI 1: Foundation 2021)

7.2 ESG reporting Principles.

ESG reports should adhere to a set of reporting guidelines to ensure the accuracy, comprehensiveness and balance of the information reported. Quality information enables information users to make sound assessments of the organization's impacts and aids in decision making The GRI has proposed the following reporting principles:

1. **Accuracy:** The organization shall report information that is factually correct and sufficiently detailed to enable the assessment of the organization's impacts
2. **Balance:** The organization shall report information in an unbiased way and provide a fair representation of the organization's negative and positive impacts.
3. **Clarity:** The organization shall present information in a way that is accessible and understandable.
4. **Comparability:** The organization shall select, compile, and report information in a consistent manner, to enable an analysis of changes in the organization's impacts over time and an analysis of these impacts relative to other organizations.
5. **Completeness:** The organization shall provide sufficient information to enable the assessment of the organization's impacts during the reporting period.
6. **Sustainability context:** The organization shall report information about its impacts in the wider context of sustainable development.
7. **Timeliness:** The organization shall report information on a regular schedule and make it available in time for information users to make decisions.
8. **Verifiability:** The organization shall gather, record, compile, and analyse information in a way that the information can be examined to establish its quality.

For detailed guidance on how to apply the reporting principles, companies should refer to the GRI Standards 2021. (GRI 1: Foundation 2021)

7.3 ESG Reporting Boundary

Organizations have to identify actual and potential impacts across the organization's activities and boundaries and use the "causes", "contributes to" or "directly linked to" tests to report on the impacts. Ideally, the reporting boundary for ESG reporting should cover, at the very least, the financial reporting boundary. (GRI 3: Material Topics 2021 clarifies that an organization should consider actual and potential negative impacts that it causes or contributes to through its activities as well as those directly linked to its operations, products, or services by its business relationships)

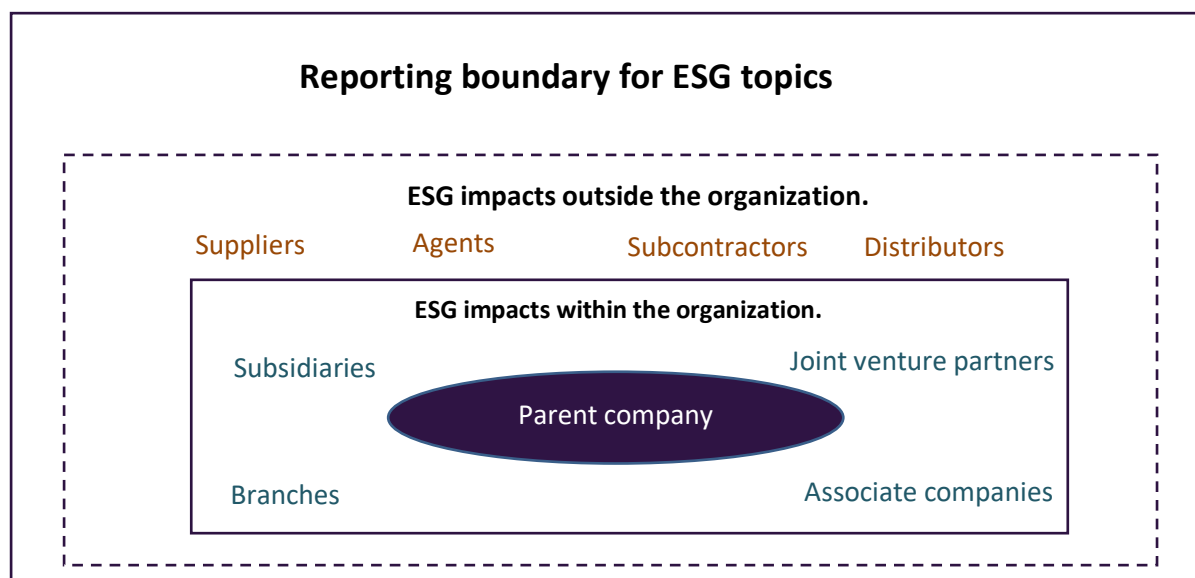
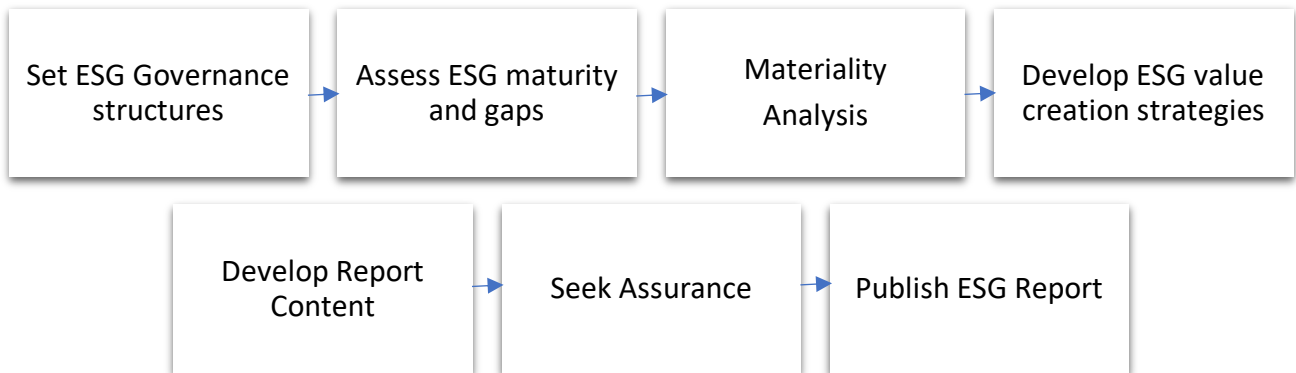


Illustration: Boundary setting for ESG Reporting topics

8.0 ESG Reporting Process

Generally, the ESG reporting process is composed of the seven interconnected steps illustrated below:



Source: Nairobi Stock Exchange Disclosures Guidance Manual, 2021

In detail, the process of ESG reporting follows the following steps:

Step 1: Governance over ESG reporting

Governance over ESG reporting refers to the implementation of decision making, board oversight over ESG integration, monitoring and reporting, rules, policies and procedures relating to ESG activities, as well as internal controls and risk management. It is the responsibility of the Board and senior management to ensure that a process exists to identify, assess and manage ESG related risks and opportunities in the organisation. The Board retains overall accountability for ESG performance and disclosure to stakeholders.

Below are practical steps that an organization can take to build strong governance over its ESG performance:

a. Understand the relevance of ESG to business.

As a starting point, it is recommended that the board and senior management of the organization be clear on the relevance and value ESG integration and reporting provides to the business, which ESG risks and opportunities relate to the business and how they connect to the overall corporate goals.

To build a holistic understanding of the ESG factors that are likely to impact on the business, organizations can consider their industry/sector nuances and regulatory environment as well as compare with peers within the industry. This clarity will enable the creation of an ESG strategic plan that is adapted precisely to the organization.

From the board's unique vantage point, its role is to determine whether the company has appropriately articulated and defined its purpose and assess whether that purpose is linked to and reflected in its strategy, with ESG front of mind.

b. Set the tone at the top.

The tone regarding ESG integration and reporting should be set from the top governing body in the organization. Top level buy-in and support sets forth the company's guiding principles, values and



ethical climate and is fundamental to nurturing a supportive culture for driving the ESG agenda or initiating ESG-related discussions across a company.

While ESG considerations should ultimately make their way through an entire organisation, the initiative must come from the board, accompanied by clear communications, lines of accountability, and the necessary resources.

To effectively do this, it is recommended that the board should first build its ESG competencies and capacity and understand the values and relevance of ESG to the business. For effective oversight over ESG performance, the board should constitute a committee of the Board that oversees sustainability matters in the organisation, including the ESG reporting process. This can be a stand-alone sustainability committee or could be combined with a relevant committee of the board (ideally, the strategy committee), but with clear ESG related terms of reference.

The sustainability committee of the board should meet periodically, in line with normal calendar of board committees, and its key functions include the following:

- i. Approve policies to guide senior management on implementing ESG guidelines and directives.
- ii. Assess and approve material topics in the context of stakeholders and business.
- iii. Review the organization's performance against its sustainability targets and ambitions and consider them as KPI for management and performance.
- iv. Review the implementation of the Sustainability Strategy and report to the board on this implementation.
- v. Review the organization's public sustainability reporting prior to its release.
- vi. Review the extent and effectiveness of the organization's external reporting of sustainability performance.
- vii. Understand and regularly review the concerns and material risks to the business as perceived by key stakeholders, and the effectiveness of the organization's sustainability strategy in addressing these.

c. Appoint a focal point resource for sustainability.

The Board should task the Chief Executive Officer to appoint and resource a focal point for sustainability within the organisation, commonly referred to as the sustainability manager. The sustainability manager is the primary contact for the ESG reporting exercise and is responsible for tactically leading the ESG reporting process. He/she owns the reporting process, scope and timelines and is responsible for communicating progress to the executive team and to the Chief Executive Officer.

The main job of the sustainability manager is to help the organisation change to a model where sustainability becomes the main driver of development and profitability. It is therefore recommended that the sustainability manager develops a comprehensive understanding of the organization, the business sector they operate in, maintain good relationships with stakeholders and have a good grasp of the economic, social and regulatory environment for the business.

ESG integration and reporting process is a multidisciplinary undertaking. Therefore, to perform the role effectively, the sustainability manager should collaborate with all relevant stakeholders, internally and externally. As a start, the sustainability manager should recruit ESG champions from across the organization. Together, the ESG champions can constitute an internal ESG reporting committee of management. The ESG reporting committee of management should meet periodically and its function includes the following:

- i. Implement the organizational ESG Strategy.
- ii. Making recommendations to the sustainability committee of the board on ESG matters, including resourcing, ESG investments, and performance management.
- iii. Regularly monitor and review the impact to the organization of current trends, regulations and international standards on ESG.
- iv. Promote enabling policies and guidelines across the organization to facilitate implementation of the ESG strategy.
- v. Assess the current ESG issues that are likely to impact organisational performance, including monitoring ESG metrics and taking appropriate decisions.
- vi. Engage with other management committees to discuss cross cutting themes and identification of ESG risks and opportunities.

It is recommended that ESG champions should be drawn from every department in the organisation and that such persons should have some considerable level of decision-making ability, since they are to be accountable for the ESG information related to their department. The sustainability manager must ensure that the ESG champions have a clear understanding of the ESG reporting process.

The sustainability manager is responsible for the operations of the board committee on ESG. It is important that sustainability managers work toward obtaining sufficient buy-in from the executive team and the Board on the ESG reporting process. This can be achieved through each member in the ESG reporting team raising awareness in their own areas of operation on the business and societal case for ESG integration from which sustainability managers can develop a quantified business case for ESG integration and reporting in the organisation.

In order to eventually facilitate the organisation produce and publish an ESG report, sustainability managers should develop a project management plan that includes: a) the business and societal case for ESG integration and reporting; b) the ESG reporting process; c) the reporting boundary and scope of material issues; d) the standard and framework identified for reporting; e) internal and external stakeholders to be engaged in the reporting process; f) communication plan; g) budget allocation and h) key measures of success.



The project management plan should be communicated to all internal and external stakeholders and the sustainability manager is to ensure that all stakeholders familiarise themselves with the project management plan and important milestones in the ESG reporting process. The sustainability manager can use this opportunity of stakeholder engagement to clarify any issues and set out expectations of all stakeholders involved in the reporting process.

It is expected that the project management plan culminates in a published ESG report. Thereafter, the sustainability manager, together with the ESG champions are expected to undertake a project review to analyse outcomes, lessons learnt and start planning for the next reporting cycle.

Step 2: Assessment of ESG maturity and gap analysis

The organization should conduct a gap analysis assessment of its current strategy to understand where it is at regarding ESG. The gap analysis report will guide improvements to the strategy on ESG. In the context of ESG reporting, a diagnosis of the current ESG status of the organization achieves the following:

- a) An understanding of the organisation's strategic priorities -financial ambitions, key products and markets and the business and operating model.
- b) An understanding of the organisation's internal and external stakeholders and their respective needs or expectations of the organisation.
- c) An assessment of the value that ESG integration brings (potentially) to the organisation.

This step should begin with the sustainability manager collecting data on the organisation's practices, impacts and track record in relation to environmental, social and governance issues. Some of this information may already exist, depending on the company's regulatory and/or shareholder requirements. Additionally, this information may be obtained through feedback from suppliers, employees, investors and other relevant internal and external stakeholders.

A critical analysis of this information would then provide a good idea of areas the company already has ESG information, what is missing, and which stakeholders can be consulted to fill the gaps. Armed with a clear understanding of its own ESG situation, an organization will be able to set credible goals. This includes committing to do its part, setting realistic short and long-term targets, and committing the resources to get there. An organization may also look at the ESG performance of companies within the same sector and begin to assess how they compare.

Step 3: Materiality Analysis and Stakeholder Engagement

The organization should identify significant ESG topics to focus on for the reporting period. The material topics should be aligned with the overall corporate strategic goals. ESG reporting must be anchored on the principle of materiality. Not all ESG issues are material to an organization at any given time. The ESG report is therefore expected to emphasise only those topics that the reporting organization has identified and prioritised as material/significant.

The assessment of materiality of ESG topics should follow a well-structured and documented process. A materiality assessment exercise should be conducted at a minimum on an annual basis, and as part of every new ESG reporting exercise. The organisation's approach to materiality assessment should be disclosed in the ESG report.

In this step, it is important for the reporting organisations to engage relevant stakeholders to receive feedback on what issues the stakeholders deem as material and facilitate a reporting that meets stakeholder expectations. Stakeholder analysis, prioritization and engagement is therefore a critical



step in the ESG reporting process to ensure that the ESG report meets the needs of these diverse sets of stakeholders.

Stakeholders refer to an entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. Stakeholders are both internal and external and includes those who are invested in the organization (such as employees and shareholders), as well as those who have other relationships to the organization (such as lenders, suppliers, vulnerable groups, local communities, and NGOs or other civil society organizations,) among others.

Below is an illustration of some internal and external stakeholders:

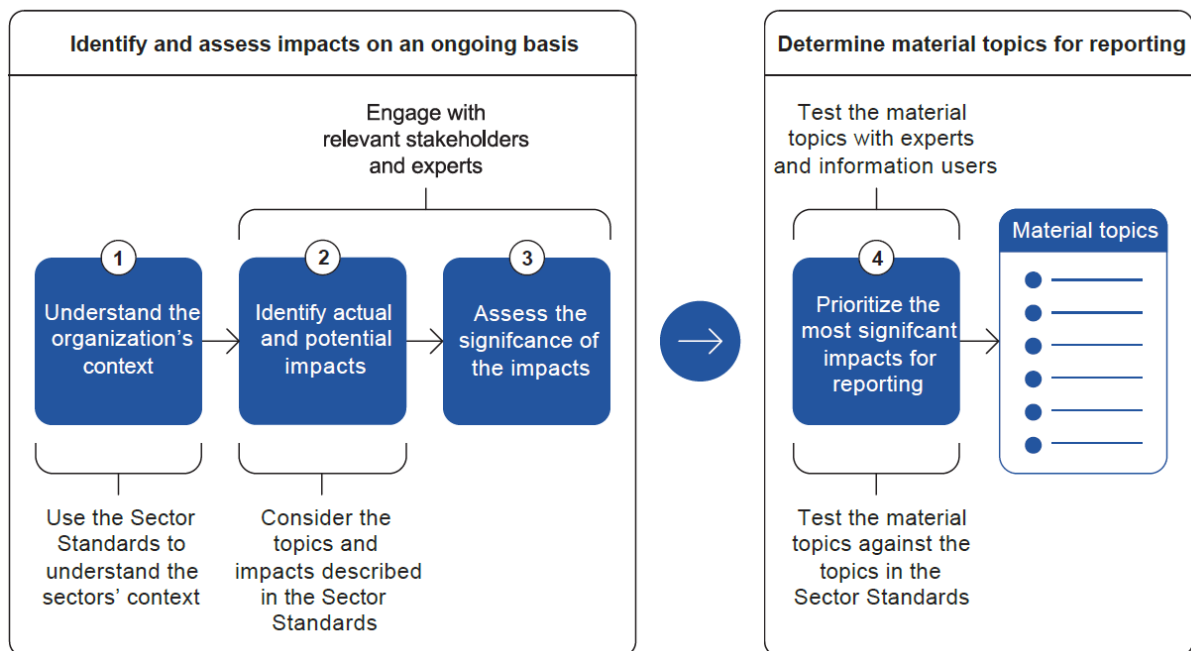
Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> • The Board • Employees • Joint venture partners 	<ul style="list-style-type: none"> • Investors • Lenders • Regulators • Suppliers • Customers • Community • Civil society • Media

Since stakeholders have different kinds and levels of needs, the ESG reporting team should prioritise these stakeholders according to their level of influence and expectations from the organisation. The prioritisation will enable the ESG team to determine the approach and frequency of engagement with the stakeholders.

Below is an illustration of a stakeholder prioritisation matrix:

High influence, low stakes Keep satisfied <i>Inform +consult routinely</i>	High influence, high stakes Work together <i>Inform + Consult + Collaborate frequently</i>
Low influence, low stakes Minimal effort <i>Inform and monitor</i>	Low influence, high stakes Show Consideration <i>Inform + consult routinely</i>

Below is an illustration of the materiality assessment process that an organization can refer to when identifying material topics. This illustration is reproduced from the GRI Universal Standards 2021:



Source: GRI 3: Material Topics 2021

The approach illustrated above is to be custom made to each organization's specific circumstances such as its business model; sector; geographic, cultural and legal operating context; ownership structure; and the nature of its impacts. To properly communicate the adopted process to stakeholders, an organization should use a systematic, replicable, and documented approach to identify its material topics. In particular, the organization should:

- Document the approach, assumptions, and decisions taken in the materiality assessment process. Accurate records help provide an audit trail of the process that facilitates assurance.
- Apply adopted approach over some reasonable time and document any changes to the approach used and implications.
- Disclose any subjective assumptions made in the process.
- Have the process of materiality assessment and identified material topics approved by the board of the organization.

Detailed guidance on the GRI materiality assessment process can be found in GRI: Material Topics 2021. The GRI Sector Standards describe the sectors' context and assist in the materiality assessment step.

Step 4: Value creation

The reporting organization should develop strategies to create value around risk and opportunity management for material ESG topics. Focusing on ESG is about value preservation (at a minimum) and value creation by optimising the use of key business drivers and capitals in your organization. Inaction can therefore lead to value destruction.

In this step, organizations can take time to reflect and innovate, within the context of sustainability, value creation opportunities that go beyond financial gain and that deliver value to multiple stakeholders. For instance, an organization can: Identify value linked ESG factors and perform rapid remediation of critical issues; review operations and value chain for exposure to climate change, social unrest, and poor corporate governance, and develop and implement risk mitigation plans; or re-evaluate its business model and revenue streams and identify possible transformation strategies which incorporate ESG risks and opportunities.

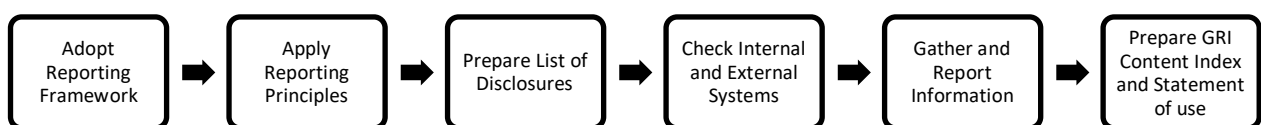
An organization can adopt the approach set out below to identify and implement value creation opportunities:

- a) **Opportunity Assessment:** The reporting organization should identify possible impacts on its operating cost, cash flow and revenues and implement scenario-based solutions that capture new opportunities for stakeholders. The reporting organization should also assess its business strategy to see areas where it can integrate ESG related opportunities to its operations.
- b) **Risk Assessment:** Environment and social risk have been identified as key significant concerns by industry and business leaders. Embedding ESG risk into the overall risk management process helps to further anchor sustainability in the company's operation and strategic decision making. It is important to consider direct risks within own operations as well as indirect risks in the supply chain as both have material implications for the company's long-term value creation potential. The reporting organization should note that material ESG risks differ depending on their sector of operation and that some sectors are exposed to a larger number of ESG risks than others.
- c) **Performance Disclosure:** The reporting organisation is expected to openly disclose its ESG performance, to ensure that there is transparency to stakeholders and to continuously show the commitment and dedication of the top leadership in ensuring that there is responsible investment. Collecting, analysing, and reporting ESG performance enables an organization to measure its progress and make improvements in its ESG performance over time.

Step 5: Content development

The reporting organization gathers both qualitative and quantitative data within the reporting boundary. The data is compiled, reviewed, and externally reported using an adopted reporting standard or framework for ESG reporting.

Below is an illustration of the process of developing content for ESG reporting:



- a) **Adopt reporting framework:** Based on their easy-to-use modular set up that delivers an inclusive picture of an organization's material topics, their related impacts, and how they are managed, it is recommended that organisations starting their sustainability journey use the GRI Standards. The GRI Standards are also the most widely used standards for ESG reporting globally.
- b) **Apply reporting principles:** Organizations should check their ESG performance data against the GRI reporting principles discussed in part 7 of this guideline. Organizations should apply the tests under each principle, each ESG disclosure topic and overall report content.
- c) **Prepare a list of disclosures:** These are the ESG issues identified from the materiality assessment process. Different sectors have different types and levels of ESG impacts, positive



and negative, to the economy, environment and to society. Examples of the most reported ESG topics, by sector, are provided in Annex 5.

Organizations are also encouraged to report progress and contribution to the Sustainable Development Goals (SDGs) and link the targets for prioritized SDGs to the identified material ESG disclosures and report progress reported using the approach presented in this guideline.

- d) **Check internal and external systems:** The ESG reporting team should identify and validate sources of internal and external ESG performance data, ensuring proper documentation and auditability of the process. The internal audit should be mandated to assess the process for credibility.
- e) **Gather and report information:** All quantitative and qualitative information should be sourced from verifiable sources with checks and balances to ensure accuracy and completeness. Internally sourced information should be signed off by respective heads of department before it is processed for ESG reporting. Information obtained from external sources should be clearly referenced and linked back to the source.
- f) **Prepare the GRI Content Index and Statement of Use:** Where the GRI standards are the adopted framework for reporting, the organization should provide a content index with an overview of the organization's reported information and show location of the information where users can find it that references disclosures within the report and their alignment with the GRI Standards.

Note: For an entity to claim that their ESG report has been prepared in accordance with the GRI Standards, the ESG report must comply with the Reporting Principles and all the nine requirements set out in section 3 of GRI 1 Foundation 2021 as outlined in Annex 2.

Step 6: Assurance and Internal Controls

The reporting organization builds credibility over its public ESG disclosures through internal audit processes, quality assurance on reported data, and by seeking external third-party assurance on ESG disclosure topics.

Internal controls

Material ESG topics can pose significant threats while also presenting opportunities to an organization and its stakeholders. A robust risk management and internal controls will ensure that an organization is able to manage ESG risks, within its appetite and tolerance levels, while capturing value creation opportunities.

Some of the internal control mechanisms include:

- a) **Policies and procedures:** The organization should have in place policies around key ESG issues like corporate governance, waste management, human resource management, among others.
- b) **Human Resources:** The organisation should ensure recruitment of competent personnel that oversee the environmental, health and safety management of the organisation.
- c) **Management systems:** High impact E&S Organizations, such as those in manufacturing and mining sectors should implement management systems, for example, waste management systems, energy and environmental management systems, to facilitate effective management of E&S issues within the organization, by optimizing process performance.

The internal audit team should be mandated to examine the effectiveness of controls regarding ESG issues and regularly provide feedback to senior management and the Board on their performance.



Third party Assurance

There is intensified pressure globally to have Sustainability/ ESG reporting undergo external assurance to nurture trust. Assurance is a process where a third-party service provider evaluates a subject matter, contained in the ESG report against a suitable criterion and makes conclusions on the quality of the report and the information disclosed. The criteria used in assurance are usually publicly available standards such as the GRI Standards or publicly disclosed organizational policy documents.

Though assurance is not mandatory for an organization to claim that its report is made in accordance with GRI Standards, external assurance can be sought to build more credibility on reported information.

ESG assurance demands that management stand by the contents of its sustainability report. It is therefore important that prior to subjecting the sustainability report to third party assurance, the organization should undertake a self-assessment to test the robustness of the reported information against the reporting principles set out by the adopted reporting framework. Additionally, the sustainability report, subjected to third party assurance, should be accompanied by a self-confirmation letter signed by the CEO and the relevant board committee members declaring that the contents of the report are true, balanced, and accurate.

To facilitate internal and external assurance, the reporting organization should ensure that the entire reporting process is well documented and that the results of the stakeholder engagement and materiality assessment are signed off by the CEO and the Board.

Step 7: Report Dissemination

The reporting organization releases its final ESG report on its website, social media, and/or printed copies to stakeholders. In Annex 1, a sample outline for an ESG report is provided for reference. For purposes of reporting, ESG information reported elsewhere by the reporting organization can be referenced in the GRI content index as to where it can be found.

The ESG reporting process is a strategic one, directly linked to an organization's brand and competitive advantage. It is therefore important that the organization gets the final deliverable right, and that the ESG report is published on time and on budget.

Typically, organisations organise a formal launch event for the ESG report and run social media campaigns to create awareness on the report and its contents. The organization can consider disseminating abridged versions of the ESG report on social media platforms while having the full report accessible through the organization's website or in print form.

Overall, the ESG reporting process produces an annual ESG report that can be standalone or integrated in the financial statement.

8.1 Integrating Sustainable Development Goals (SDGs) into Sustainability Reporting

Organizations can demonstrate their contribution to the Sustainable Development Goals (SDGs) establishing a connection between their material topics and their SDG targets. GRI has published a detailed guide on integrating the SDGs into corporate reporting.³ The practical guide outlines three steps for companies to embed SDGs into existing business and reporting processes. These steps are:

³ GRI Guide to Integrating SDGs into Sustainability Reporting. [Link](#)



Step 1: Define Priority SDG Targets

Step 2: Measure and analyse

Step 3: Report, integrate and implement change.

These steps are in line with the process outlined in part 8 of this guideline, and as such do not present a separate or additional process but assist organizations to integrate their SDG targets to the ESG reporting process.

9.0 ESG Reporting Requirements from Other Organizations

9.1 The Capital Markets Authority Rwanda

The Capital Markets Authority (CMA) has in place a Draft Code of Corporate Governance. Listed companies are required to explain in their annual reports how they have applied the recommendations contained in the draft Code, in relation to management of environmental and social risks, including stakeholder engagements on sustainability.

The ESG reporting approach suggested in this guideline and a sustainability report produced thereof can be used to meet the reporting requirements of the CMA code.

9.2 Institutional Investor Groups

Some institutional investors e.g. Black Stone, Blackrock, Sequoia Capital require some level of ESG due diligence and compliance with pre-identified environmental and social performance metrics. A report generated in accordance with the reporting process outlined in this guideline would have the content necessary to fulfil the demands from institutional investors, when they evaluate investments. The International Finance Corporation (IFC) Performance Standards on Environmental and Social⁴ Sustainability provides examples of ESG indicators and metrics that investors commonly refer to when evaluating investments.

9.3 The CDP

The CDP is a non-profit charity that promotes transparency in environmental reporting by cities and companies around the world. Signatory companies provide performance data on climate change, water security and deforestation on a self-disclosure basis. This self-reported data is then used by investors and other stakeholders to make informed data driven decisions with regards to the reporting company's environmental impacts. For example, investors can use data in the CDP database to calculate the carbon intensity of their portfolio. Investors can also select entities that demonstrate climate resilience by evidenced implementation of strategies that future proof their organizations against climate related policies and regulations.

The CDP and GRI use common/similar metrics on reporting on carbon emissions. The ESG reporting presented in this guideline can be used to collect and report data to the CDP. Organizations can select any or all the disclosure topics as part of their materiality assessment exercise and build reporting content within the ESG report that meets the CDP self-disclosure requirements.

9.4 Industry level Reporting

Certain industry groups in Rwanda have developed ESG related policies for consideration by member organizations. For example, Rwanda's Revised Green Growth and Climate Resilience Strategy⁵ is aligned and carries the Guiding Principles that reflect the same values

⁴ International Finance Corporation Environmental and Social (E&S) Performance Indicators for Capital Markets [Link](#)

⁵Rwanda Revised Green Growth and Climate Resilience Strategy [Link](#)

with other key planning documents such as Vision 2050, National Strategy for Transformation I (NTSI)⁶ and the National Environment and Climate Change Policy⁷. To fulfil the aspirations of the Vision 2050 in an environmentally sound and climate resilient manner, the Revised GGCRS reflects an alternative green growth and climate resilient scenario that drives achievement of carbon neutrality by 2050, the transition to niche green industry and knowledge-based services, the creative agglomeration of urban settlements to minimize their ecological footprint and ensure resilience, ambitious levels of protection enabling sustainable use of ecological resources in rural landscapes, and appropriate decoupling of the economy and its dependence on primary natural resources³.

Table: Overview of overarching and sector-specific policies in Rwanda

Overarching policies in Rwanda						
<ul style="list-style-type: none"> National Environment and Climate Change Policy, 2019 						
<ul style="list-style-type: none"> Vision 2050 						
<ul style="list-style-type: none"> Green Growth and Resilience Strategy 						
Sector-specific policies and regulations						
Construction	Agriculture	Waste	Water	ICT	Transport	Textiles
Rwanda Building Code, 2019	Rwanda strategic plan for agricultural transformation 2018-2024	Integrated Solid Waste Management Strategy	Law no 49/2018 of 13/08/2018 determining the use and management of water resources in Rwanda	ICT sector strategic plan 2018-2024 E-waste management policy, 2016 Smart	Rwanda National Transport Policy	Made in Rwanda policy
National Urban Housing Policy, 2008		National Sanitation Policy & implementation Strategy, 2016	National Water Supply Policy, 2016	Rwanda Master Plan 2015-2020		Tax on importation of second-hand clothing, 2016

⁶ National Strategy for Transformation I (NTSI) [Link](#)

⁷ National Environment and Climate Change Policy [Link](#)

9.5 United Nations Global Compact

The UNGC has developed a set of 10 principles that organizations can voluntarily adopt and integrate into their own strategies and operations⁸. These principles cover four issue areas, i.e., Human Rights, Labour, Environment and Anti-corruption.

Signatories to the UNGC are required to communicate their progress through a Communication of Progress (CoP) report every year. A report generated in line with the process highlighted in this guideline can be used to fulfil the requirements of the annual CoP submissions to the UNGC. It is important to note that reporting using the GRI Standards meets the COP requirements of the UNGC

9.6 Task Force for climate related financial disclosure

TCFD was established in 2015 by the Financial Stability Board to address financial markets' needs for increased and consistent climate reporting. In 2017, it presented its recommendations in four key areas: governance, strategy, risk management, targets and metrics, outlined in the table below. These recommendations provide a common framework that companies, and investors can use to develop effective climate-related disclosure, and to evaluate and manage their exposure to climate risks.⁹

The reporting process described in this guideline can be used by financial institutions to disclose information about the financial impacts related to climate change risks and opportunities.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Describe the organization's governance around climate-related risks and opportunities.	Describe the climate-related risks and opportunities the organization has identified over the	Describe the organization's processes for identifying and assessing climate-related risks.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and

⁸ UNGC Principles [Link](#)

⁹ TCFD. Recommendations on the Task Force on Climate-related Disclosures. Final Report [Link](#)

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
	short, medium, and long term.		risk management process.
Describe management's role in assessing and managing climate-related risks and opportunities.	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Describe the organization's processes for managing climate-related risks.	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related Risks.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



10.0 Annexes

Annex 1: Sample outline of an ESG report

About this report

Provide a brief description of the purpose of the report in reference to its audience/users. Describe the adopted framework for ESG reporting as well as the reporting boundary.

About the company

Provide a brief description of your company and Business Model, including how your company creates value for its stakeholders.

Chairman's Statement

Provide a brief statement from the chairman highlighting the importance of ESG reporting for the entity and the commitment of the company to its community, shareholders, employees, etc

Chief Executive's statement

Provide a brief description of the achievements for the past year, ambitions, and progress into the future.

Highlights of sustainability matters

Provide a summary of the material sustainability matters that your company focused on during the reporting period. Indicate qualitative and quantitative measures of achieved impact, both positive and negative. Where negative, indicate what your company is doing to remedy (if possible).

ESG Reporting Process

- **Describe your company's Approach to ESG**
- **Describe how ESG Performance is measured.**
- **Stakeholder engagement**
 - Approach to identifying and prioritizing stakeholders
 - Stakeholder engagement strategies – For prioritised stakeholders
- **Materiality analysis and ESG Impact**
 - Approach to materiality assessment based on the three pillars (Economic, Social and Environmental).

Material topics

Have standalone chapters reporting on the selected material topics in details.

Assurance Statement (if applicable)

GRI Content Index



Annex 2: Reporting in accordance with GRI Standards

Reporting in accordance with the GRI Standards

Reporting in accordance with the GRI Standards enables an organization to provide a comprehensive picture of its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts. This allows information users to make informed assessments and decisions about the organization's impacts and its contribution to sustainable development.

The organization must comply with all nine requirements below to report in accordance with the GRI Standards.

Overview of in accordance requirements

Requirement 1: Apply the reporting principles.

Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021.

Requirement 3: Determine material topics.

Requirement 4: Report the disclosures in GRI 3: Material Topics 2021.

Requirement 5: Report disclosures from the GRI Topic Standards for each material topic.

Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with.

Requirement 7: Publish a GRI content index.

Requirement 8: Provide a statement of use.

Requirement 9: Notify GRI.

These requirements are explained in detail in the GRI Standards 2021.

If the organization does not comply with all nine requirements, it cannot claim that it has prepared the reported information in accordance with the GRI Standards. In such a case, the organization may be able to claim that it has prepared the reported information with reference to the GRI Standards, provided it complies with the requirements specified in 'Reporting with reference to the GRI Standards' listed below:

- Publish a GRI content index
- Provide a statement of use
- Notify GRI

These requirements are explained in detail in the GRI Standards 2021.

Annex 3: Example of Sustainability Reports

Sector	Organization	Link
Financial Sector	Kenya Commercial Bank-2021	https://kcbgroup.com/wp-content/uploads/2022/08/KCB-Sustainability-Report-2021.pdf
	Equity Group- 2021	https://equitygroupholdings.com/wp-content/uploads/2022/12/Equity-Sustainability-Report-2021.pdf
Telecommunication	Safaricom	https://www.safaricom.co.ke/images/Downloads/2022-Safaricom-Sustainability-Report.pdf
Agriculture	Sasini PLC	https://sasini.co.ke/download/sustainability-report/
Mining	Bamburi Cement	https://www.lafarge.co.ke/sustainability-reports-publications

Annex 4: Developments in Sustainability Reporting

EU Regulations and Disclosure Proposals

EU law requires all large companies (public and private) and all listed companies (with some exceptions) to disclose information about risks and opportunities they face arising from social and environmental issues and the impacts of their activities on people and the environment. The EU's Corporate Sustainability Reporting Directive (CSRD) entered into force on January 5, 2023.¹⁰

The European Financial Reporting Advisory Group¹¹ (EFRAG) with co-creation support from GRI has gone on to develop the European Sustainability Reporting Standards that will be based on double materiality. An implementation framework has been agreed for application by defined companies between 2024-2028 including expectations for the reports to be assured starting with limited assurance and progression to reasonable assurance. The first ESRS are expected to be published by the end of June or in July 2023 for application from 2024.

Importantly, non-EU companies that have a large presence in the EU (as defined by the CSRD) will be affected by these requirements. Multinational companies may have to address additional requirements at the consolidated level, in addition to having to comply at the local subsidiary level. It's important to outline through supply/value chains the ESRS will impact on companies in Rwanda especially those doing business with EU member states.

The EU commission has adopted a proposal for a Directive on Corporate Sustainability Due Diligence (CSDD) in line with the growing trend towards scrutiny of environment, social and governance throughout companies' value chains. The aim of the CSDD is to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe.

ISSB Disclosure Standards Proposals

The ISSB was created in November 2021, following widespread support for its creation during the United Nations Climate Conference (COP27) in Glasgow. As a result, the IFRS Foundation now oversees two global standard setting boards: (a) the IASB, responsible for international financial reporting standard (IFRS) and (b) the ISSB, tasked with setting IFRS Sustainability Disclosure Standards.

ISSB's objective is to deliver a comprehensive global baseline of sustainability-related (climate and other ESG) disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities, thereby allowing more

¹⁰ Sustainable economy: Parliament adopts new reporting rules for multinationals", European Parliament Press Release, November 11, 2022. [Link](#)

¹¹ The Draft EFRAG Sustainability Reporting Standards [Link](#)



informed investment decisions. The ISSB intends to develop both thematic and industry-based requirements.

In 2022, the IFRS Foundation integrated other independent organizations that had been previously producing voluntary climate, or more broadly ESG and sustainability disclosure standards, that is: (a) the Climate Disclosure Standards Board (CDSB) and (b) the Value Reporting Foundation (VRF). The VRF itself was comprised of the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC). The VRF's SASB Standards served as a key starting point for the development of the IFRS Sustainability Disclosure Standards, while the Integrated Reporting Framework is providing the connectivity between financial statements and sustainability-related financial disclosures.

The ISSB published proposed draft standards on General Requirements for Disclosure of Sustainability-related Financial Information (draft IFRS S1) and Climate-related Disclosures (draft IFRS S2). The first two standards are expected to be issued towards the end of Q2 2023¹².

The Task Force on Nature-Related Financial Disclosures (TNFD)

The Taskforce on Nature-related Financial Disclosures (TNFD) came into existence in June 2021¹³. TNFD has representation from financial institutions, corporates, and market service providers in the form of its Taskforce. It stands supported by G7, G20 and UN bodies. TNFD aims to provide a risk management and disclosure framework for reporting nature-related risks, that include biodiversity loss and ecosystem collapse.

The proposed TNFD framework due in aims to: a) Drive alignment to the global sustainability baseline proposed by ISSB; b) Approach materiality with adaptability and flexibility to meet regulatory requirements and address the needs of companies of all sizes and across jurisdictions; c) Facilitate reporting about nature-related dependencies and encourage early action through an integrated approach to address both nature loss and climate change and d) Assist with a structured path to nature-related disclosures.

Securities Exchange Commission (SEC) Climate-Related Disclosures

SEC proposed changes to enhance and standardize climate-related disclosures in March 2022.¹⁴ The proposed changes require listed companies in the US to disclose the following:

- Climate-related risks that are likely to have a material impact on their business.
- Direct greenhouse gas emissions (Scope 1) and indirect emissions (from other forms of energy consumption like purchased electricity) under Scope 2.
- GHG emissions from upstream and downstream activities of the value chain constitute the Scope 3 requirement.

¹² ISSB Update February 2023. [Link](#)

¹³ <https://tnfd.global/>

¹⁴ SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors [Link](#)



- Information regarding the impact of climate-related events (severe weather conditions and natural events) on the line items of the consolidated financial statements and the estimates and assumptions used.

SEC requires the disclosures to accompany the annual financial reports of the companies and are required for both domestic and foreign registrants.

These rules will impact both listed and non-listed companies in Rwanda.



Annex 5: Sample Sector Specific ESG Topics

The GRI Standards are Structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards. The GRI Sector Standards provide information for organizations about their likely material Sector Standards that apply to its sector when determining its material topics and when determining that to report for each material topic. It is important to note that there are only 3 Sector Standards that have been published in line with GRI Universal 2021 standards namely Oil& Gas, Coal and Agriculture, Aquaculture and Fisheries Sector Standards. Work is at an advanced phase for the Mining Sector Standard and has commenced for the finance sector standard. The topics identified for the sectors below are drawn, mostly from the GRI Topic Standards, and as per the engagement of RSE stakeholders/listed companies. In the tables below are examples of sector specific ESG topics publicly disclosed by companies representing each of the RSE Sectors. These should serve as a guide in identifying relevant topics for more details on sector specific standards refer to the GRI Standards 2021 [Link](#).

Banking sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> ● Governance ● Strategy ● Ethics and integrity ● Stakeholder engagement ● Business lines, products and services ● Business models ● Risk management and internal controls ● Climate related financial disclosures ● Shared value – Sustainable development goals 	<ul style="list-style-type: none"> ● Economic performance ● Market presence ● Indirect economic impacts ● Government subsidies ● Local employment ● Taxes 	<ul style="list-style-type: none"> ● Employment practices ● Labour conditions ● Labour management relations ● Occupational safety risks ● Employee education and development ● Financial products and services information to customers ● Consumer protection ● Financial inclusion, accessibility and financial education ● Political funding ● Indigenous people's rights access to content ● Product design ● Antitrust and 	<ul style="list-style-type: none"> ● Environmental compliance ● Materials sourcing and use ● Emissions to air - GHG emission ● Waste management ● Supplier environmental assessment ● Energy consumption ● Environmental impacts of investments, products and services.

		monopoly practices	
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Insurance sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> • Governance • Strategy • Ethics and integrity • Stakeholder engagement • Business lines, products, and services • Risk management and internal controls • Climate related financial disclosures • Shared value - Sustainable Development Goals 	<ul style="list-style-type: none"> • Economic performance • Market presence • Indirect economic impacts • Community investments • Socially Responsible Investment • Local economic development • Taxes 	<ul style="list-style-type: none"> • Human rights • Labour and working conditions • Occupational health and safety • Training and education • Financial products and services information to customers • Consumer protection • Financial inclusion, accessibility and financial education • Political funding • Cyber security 	<ul style="list-style-type: none"> • Environmental compliance • Materials sourcing and use • Emissions • Paper and waste management • Portfolio environmental performance

Consumer services sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> • Governance • Strategy • Ethics and integrity • Stakeholder engagement • Business models 	<ul style="list-style-type: none"> • Economic performance • Market presence • Indirect economic impacts • Government 	<ul style="list-style-type: none"> • Human rights • Labour and working conditions • Occupational health and safety • Training and 	<ul style="list-style-type: none"> • Environmental compliance • Emissions • Energy consumption • Renewable and/or

General	Economic	Social	Environmental
<ul style="list-style-type: none"> • Risk management and internal controls • Regulatory compliance • Environmental and social risk management • Supply chain performance • Shared value - sustainable development goals 	<ul style="list-style-type: none"> • subsidies • Local employment • Taxes 	<ul style="list-style-type: none"> • education • Services' quality and accuracy • Customer service • Talent management • Data privacy • Political funding • Indigenous people's right 	<ul style="list-style-type: none"> • alternative energy sources • Product packaging and distribution • Water management • Waste management

Energy and petroleum sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> • Governance • Strategy • Ethics and integrity • Stakeholder engagement • Business context • Sourcing strategy and policies • Supplier screening • Customer portfolio • Product portfolio • Emergency preparedness • Outsourcing strategy • Climate related financial disclosures • Shared value - sustainable development goals 	<ul style="list-style-type: none"> • Economic performance • Market presence • Indirect economic impacts • Carbon trading • Local content • Government subsidies • Taxes 	<ul style="list-style-type: none"> • Human rights • Labour and working conditions • Occupational health and safety • Training and education • Community health and safety • Impacts on local communities • Local community engagement • Access to electricity • Corruption • Demand side management • Land use rights 	<ul style="list-style-type: none"> • Environmental compliance • Energy consumption • Materials sourcing and use • Energy production • Infrastructure • Water consumption and efficiency • Biodiversity • Emissions • Land rehabilitation • Waste management

Construction and Mining sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> • Governance • Strategy • Ethics and Integrity • Stakeholder engagement • Access to healthcare • Business model • Political accountability • Resource use efficiency • Sourcing Strategy and policies • Supply screening • Customer portfolio • Product portfolio • Shared value- Sustainable Development Goals 	<ul style="list-style-type: none"> • Economic performance • Market presence • Indirect economic impacts • Government subsidies • Local employment • Socio-economic benefits • Taxes 	<ul style="list-style-type: none"> • Human rights • Labour and working conditions • Occupational health and safety • Training and education • Water use rights • Community health and safety • Child labour • Land use rights • Migrant workers • Product design 	<ul style="list-style-type: none"> • Environmental compliance • Supplier environmental assessment • Materials sourcing and use • Emissions (Carbon footprint) • Energy consumption • Renewable and/or alternative energy sources. • Product packaging and distribution • Water and effluents • Waste management • Land management and site rehabilitation

Agriculture sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> Corporate governance Business strategy Political accountability Agricultural machinery use Land tenure Resource use efficiency Sourcing strategy and policies Supplier screening Shared value- Sustainable Development Goals 	<ul style="list-style-type: none"> Economic performance Market presence Indirect economic impacts Government subsidies Local employment Socio-economic benefits Taxes 	<ul style="list-style-type: none"> Human rights Labour and working conditions Occupational health and safety Training and education Child labour Consumer product safety Agricultural genetic Engineering Food security 	<ul style="list-style-type: none"> Environmental compliance Materials sourcing Supplier environmental assessment Energy consumption Emissions Water and effluents Waste management Biodiversity Soil management Deforestation Seed quality

Manufacturing sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> Governance Strategy Ethics and integrity Stakeholder engagement Business context Political accountability Resource use efficiency Sourcing strategy and policies Supplier screening Customer portfolio Product portfolio Shared value- Sustainable Development Goals 	<ul style="list-style-type: none"> Economic performance Market presence Indirect economic impacts Government subsidies Local employment Taxes 	<ul style="list-style-type: none"> Human rights Labour and working conditions Occupational health and safety Training and education Human rights Water use rights Consumer health and safety Health and safety impacts of products and services Consumer 	<ul style="list-style-type: none"> Environmental compliance Materials sourcing Supplier environmental assessment Energy consumption Renewable and/or alternative energy sources Product packaging and distribution Emissions to air Water and effluents Waste management

General	Economic	Social	Environmental
		protection <ul style="list-style-type: none"> Product labelling Lobbying 	

Investment sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> Governance Strategy Ethics and integrity Stakeholder engagement Business models Risk management and internal controls Environmental and social risk management Climate related financial disclosures Shared value - Sustainable Development Goals 	<ul style="list-style-type: none"> Economic performance Market presence Indirect economic impacts Socially Responsible Investments Taxes 	<ul style="list-style-type: none"> Human rights Labour and working conditions Training and education Capacity building Services' quality and accuracy Financial products and services information to customers Data privacy Social performance monitoring Political funding 	<ul style="list-style-type: none"> Environmental compliance Portfolio environmental Performance Material consumption Waste management

Information Communication and Technology sector

General	Economic	Social	Environmental
<ul style="list-style-type: none"> Governance Strategy Ethics and integrity Stakeholder engagement Network quality Intellectual property 	<ul style="list-style-type: none"> Economic performance Market presence Indirect economic impacts Local employment 	<ul style="list-style-type: none"> Labour and working conditions Occupational health and safety Customer privacy and data protection Product access 	<ul style="list-style-type: none"> Environmental compliance Energy consumption Emissions Toxic substances Water and effluents Waste

General	Economic	Social	Environmental
<ul style="list-style-type: none"> • Sourcing strategies and policies • Supply chain screening • Shared value-SDGs • Cyber security 	<ul style="list-style-type: none"> • Taxes 	<ul style="list-style-type: none"> • Antitrust and monopoly practices • Consumer protection • Electromagnetic radiation 	<ul style="list-style-type: none"> • Electronic waste management



Annex 6: Additional Resources

Issuers and other organizations in Rwanda reporting on ESG performance can also refer to the following additional resources:

Organization	Description
<p>International Financial Reporting Standards</p> <p>ifrs.org/projects/work-plan/general-sustainability-related-disclosures/</p>	<p>The IFRS created the International Sustainability Standards Board to respond to an urgent transparent financial- related sustainability disclosures by companies. In June 2023 the International Sustainability Standards Board released: General Requirement for Disclosure of Sustainability- related Financial Information (IFRS S1) and Climate -Related Disclosures (IFRS S2). Both IFRS S1 and IFRS S2 will be effective for annual reporting periods on or after 1 January 2024.</p>
<p>The International Cocoa Initiative</p> <p>https://cocoainitiative.org/</p>	<p>The International Cocoa Initiative promotes child protection in cocoa-growing communities.</p>
<p>Responsible Minerals Initiative</p> <p>http://www.responsiblemineralsinitiative.org/</p>	<p>The Responsible Minerals Initiative provides companies with tools and resources to make sourcing decisions that improve regulatory compliance and support responsible sourcing of minerals from conflict-affected and high-risk areas.</p>
<p>Taskforce for Climate Related Financial Disclosures</p> <p>https://www.fsb-tcf.org/</p>	<p>The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. Organizations can refer to the recommendations of the TCFD on climate related disclosures.</p>
<p>The International Council on Mining and Metals</p> <p>https://www.icmm.com/</p>	<p>The International Council on Mining and Metals is an international organization dedicated to a safe, fair and sustainable mining and metals industry.</p>

Organization	Description
UN Principles for Responsible Investment (PRI) https://www.unpri.org/pri/about-the-pri	The United Nations launched the Principles for Responsible Investment (UNPRI) to help investors incorporate ESG factors into their investment and ownership decisions.

Annex 7: Performance Indicator to Incorporate in the Report

Below is a series of indicators that companies could incorporate into their sustainability report. These indicators are the result of an analysis to the different standards and sustainability tools carried out. It should be noted that this list is not exhaustive and companies are free to choose the most relevant indicators according to their business.

ESG aspect	Metrics	Annual measurement or specification
Environmental	Direct and indirect greenhouse gas (GHG) emissions	Total quantity, metric tons
Environmental	Carbon intensity	Total emissions relative to revenue
Environmental	Direct and indirect energy consumption	Total amount, MWh metric
Environmental	Energy intensity	Amount of direct energy used per m ³ of space and per full-time shift.
Environmental	Primary power source	Mention the specific type of energy that is mostly used.
Environmental	Renewable energy intensity	Percentage of direct energy consumption from renewable sources.

ESG aspect	Metrics	Annual measurement or specification
Environmental	Water management	Total amount of water consumed, recycled or recovered in m3
Environmental	Waste management	Total amount of waste generated, recycled or recovered (by type and weight)
Environmental	Environmental policy	Does your company publish and apply an environmental policy? Yes / No
Environmental	Environmental impacts	Has your company assumed any legal or regulatory responsibility for an environmental impact? Yes / No
Social	Wage ratio by gender	Ratio: average of men and women for the total number of employees.
Social	Employee turnover rate	Percentage of turnover of full-time and subcontracted employees.
Social	Gender diversity	Percentage of women hired for positions or positions held. Percentage of women hired in Senior Management positions. Percentage of board seats held by women.
Social	Temporary worker rate	Percentage of full-time workers by subcontracted/part-time/fixed-term employees
Social	Non-discrimination	Does your company publish and apply a non-discrimination policy? Yes / No
Social	Injury rate	Total number of injuries and deaths related to workplace accidents.

ESG aspect	Metrics	Annual measurement or specification
Social	Overall health	Does your company publish and apply an occupational health and wellness policy? Yes / No
Social	Child labour and forced labour	Does your company prohibit child labour and forced labour throughout the supply chain? Yes / No
Social	Human Rights Policy	Does your company publish and apply a human rights policy or declaration? Yes / No
Social	Human Rights violations	Number of human rights complaints that have been filed, addressed or resolved.
Corporate governance	Separation of powers in the board of directors	Does your company allow the CEO to sit on the board, or act as chair, or chair of committees?
Corporate governance	Confidential voting in the directory	Are the votes of the board of directors (individual or collective) public? Yes / No
Corporate governance	Salary incentives	Do company executives formally have incentives for the development of ESG policies? Yes / No
Corporate governance	Supplier code of conduct	Within the company (or in the supply chain) are there inhibitors for workers to organize themselves? Yes / No
Corporate governance	Codes of ethical conduct	Does your company publish and apply a code of conduct to its suppliers? Yes / No

ESG aspect	Metrics	Annual measurement or specification
Corporate governance	Anti-corruption code	Does your company publish and apply an anti-corruption code? Yes / No
Corporate governance	Tax transparency	Does your company publish and apply a tax policy supervised by the board of directors? Yes / No
Others	Sustainability report	Does your company publish sustainability reports? Yes / No
Others	Sustainability Publishing framework	Does your company publish ESG information on the GRI, CDP, SASB, IIRC or UNGC?
Others	External verification	Is your corporate sustainability publication verified by a third party? Yes / No