



Sustainability Assurance

Beyond compliance - Seeking assurance for your value

Sustainability issues are taking centre stage. Environmental and social related risks consistently rank amongst the top assessed risks for businesses, economies and countries worldwide. Companies are facing increasing pressure to address these risks, with the key drivers being newly formed regulations and standards, stakeholder action and market dynamics.

A strategic approach to sustainability issues can help organisations unlock many value creation opportunities. Value creation is the goal of all companies, but corporate value creation is not always aligned with value creation for society as a whole. Sustainability assurance helps focus organisational strategy and operations towards integrated corporate and societal value.



Regulatory and policy requirements for Kenyan companies

- The Companies Act 2015 requires company directors to review environmental, social and community issues that may affect the future development, performance and position of the company.
- The CMA Corporate Governance Code for issuers of financial securities requires companies to put in place environmental, social and governance (ESG) frameworks and disclose publicly on ESG performance in their annual reports.
- The Mwongozo code of governance requires state corporations to put in place measures that ensure sustainable operations and performance.



Benefits of seeking sustainability assurance services

- Strengthens internal awareness of material sustainability risks.
- Positive influence on branding and reputation is achieved.
- Systems, processes and internal controls around sustainability performance improve with each assurance engagement.
- Ensures credibility, reliability and accuracy of nonfinancial company disclosures in annual and integrated reports.
- Effectively gauges the social returns on strategic social investments.
- Improves positioning with credit, risk, regulatory and sustainability rankings.

All companies should evaluate their sustainability programmes through the lens of efficient governance, alignment with its core purpose and values, efficient structures to facilitate implementation, credible partners for delivery on the ground, robust monitoring, evaluation and reporting frameworks.

Companies are expected to develop a performance based sustainability road map that not only achieves compliance with directives, but also ensures the benefits of sustainable development are realised by the organisation.

Our approach and methodology

Desk review and internal stakeholder consultation

Conduct desk reviews of ESG and sustainability related policies, Board committees, governance structures, strategy, projects, partner identification and selection process, monitoring, evaluation and reporting.

Conduct a materiality risk assessment through evaluation of structural breaks, signals of change and impact to operations from sustainability megaforges.

Indepth review of sustainability performance

Interactions with project teams, management and other stakeholders.

Review of stakeholders identification and selection process.

Review of internal control, governance and financial systems of the organisation, projects, and evaluation of impacts.

Trend analysis, peer reviews and detailed benchmarking.

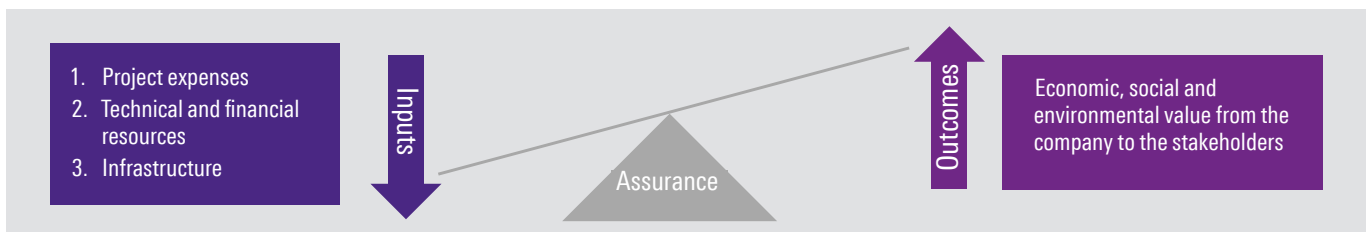
Review of Sustainability and Integrated reports

Review of assurance protocols, performance indicators, case studies and statements reported.

Test linkage of Materiality and Stakeholder engagements with performance indicators.

Create management letter, classify observations and findings, and issue assurance statement.

Expected inputs and outcomes



Why KPMG

We have worked and advised many clients across sectors and industries on corporate sustainability, ESG project management and developing business cases for strategic social investments. We have contributed extensively in the sustainability space, helping clients articulate their social investment vision and effectively translating it into a thorough and performance based sustainability approach. Our expertise and in-depth understanding of corporate sustainability norms have enabled us to advise and deliver quality projects with greater impact.

Our approach is differentiated through data enabled assurance techniques and the ability to provide assurance over topical and progressive issues. Our multi-disciplinary team of professionals can conduct sustainability reviews and audits to:

- Ensure compliance with the relevant regulations and policies
- Evaluate internal control and governance frameworks
- Assess how the emerging social and environmental megatrends are likely to affect the company and its market
- Comprehensively assess the business's material ESG risks, liabilities and opportunities

KPMG in East Africa contacts:

David Leahy

Partner and Head

Governance, Risk and Compliance Services

T: +254 (0) 709 576 191

E: davidleahy@kpmg.co.ke

Eric Aholi

Partner and Head

Audit Services

T: +254 (0) 709 576 125

E: ericaholi@kpmg.co.ke

Bernard Kiore

Manager

Sustainability Advisory and Assurance Services

T: +254 (0) 709 576 112

E: bkiore@kpmg.co.ke

[KPMG.com/sustainability](https://www.kpmg.com/sustainability)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG Advisory Services Ltd, a registered company in Kenya and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

This document is meant for e-communications only. (015_FLY0816)

Follow us on:

[kpmg.com/socialmedia](https://www.kpmg.com/socialmedia)

