



**UNCERTAINTY AND
SUSTAINABILITY**

Sustainability Systems

Kenya CG Code (2015)

Sustainability means meeting existing needs without compromising future needs.

The board shall have formal strategies to promote sustainability. Attention shall be given to Environmental, Social and Governance (ESG) aspects of the business which underpin sustainability.



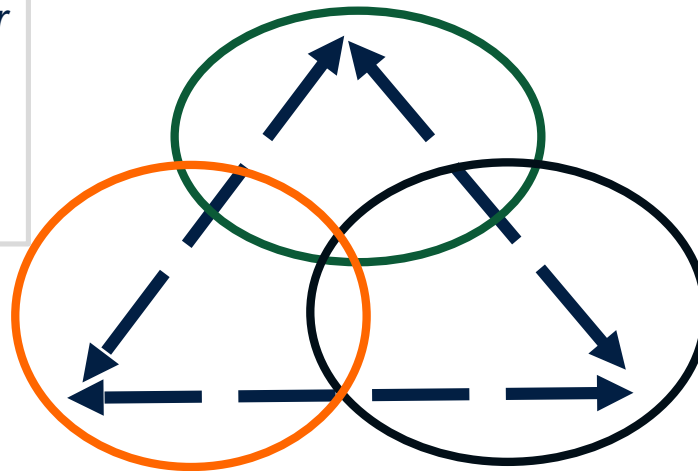
DYNAMICS OF SUSTAINABILITY CONFLICTS

(EXAMPLE)

Business Initiatives

Financial, Economic, Technical,
Environmental

*Climate change is a driver
of instability and
requires a broader,
whole-of-government
response*



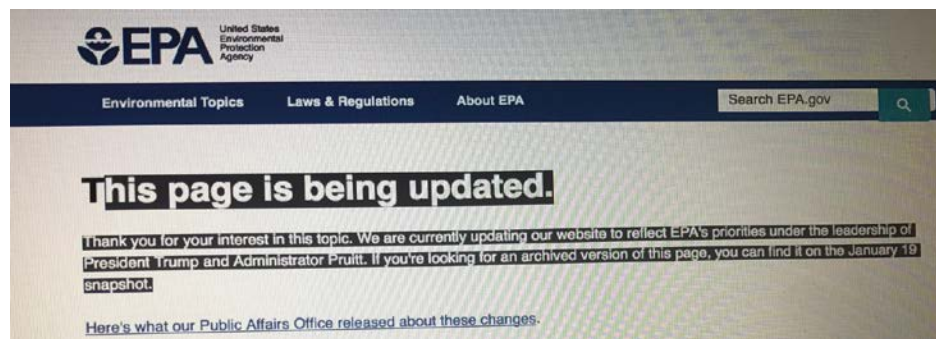
Opinion

Attitudes, values, beliefs,
expectations, commitments



Governance Structures

Laws, regulations
Elections and policies
Federal, State, Local



Adapted:
Larson (2001)

Self-Organizing Business Initiatives



Rain water hits in roof areas and is collected in a storage area



Effluent Treatment Plant recycles water



Man-made lake collects +/- 700,000 liters of water per day during rainy season



“These initiatives are not only environmentally friendly, but also cost effective.”

Rajiv Naidu, Augustan Corp.



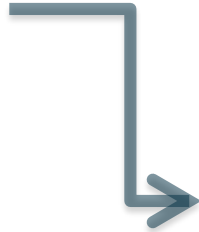
Corporate Governance Board Leadership Sustainability Systems



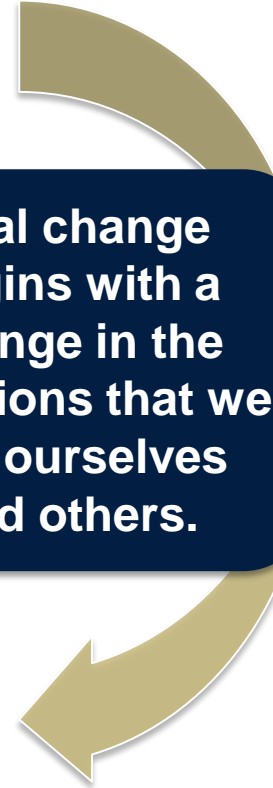
Board Leadership – Attributes and Skills

Attitude / Mindset

Skeptical
Frustrated
Critical
Indifferent
Dismissive
Know already
Intimidating
Defensive



Real change
begins with a
change in the
questions that we
ask ourselves
and others.



ESG and Board Leadership

Lake Turkana Wind Power

Lake Turkana Wind Power Limited and Vestas are currently setting up a 365 turbine wind farm in Kenya. Once completed, the project will be the largest wind farm in Africa.

This project will contribute significantly towards the country's energy supply and economic growth. When operating at full capacity, the wind farm is expected to produce 310 megawatts of clean energy.

The wind farm will be located on 40,000 acres of land in an area that receives steady winds throughout the year.



<http://ltwp.co.ke/lake-turkana-wind-power-project-on-course-to-meet-2017-deadline/>

Stakeholders?

Business Case for ESG/Sustainability

		ESG/ Sustainability Factors					
		Governance		Environmental Focus		Socio-economic Development	
		Leadership, Management	Stakeholder Engagement	Environment Process Improvement	Environment Products & Services	Local Economic Growth	Community Development
Business Success Factors	Revenue growth & market access		✓	✓	✓		
	Cost savings & productivity		✓	✓	✓	✓	✓
	Access to capital		✓				
	Risk mgmt. & compliance	✓	✓	✓	✓	✓	✓
	Human capital		✓				
	Brand value and reputation	✓	✓	✓	✓	✓	✓

Why Should the Board Care?

- **Mitigating risks (environmental, social, commercial)**
- **Demonstrating responsibility, accountability and fairness and transparency with regulators**
- **Developing stakeholder relations**
- **Building brand value and reputation**
- **Skilled employee commitment, loyalty**
- **Enhancing efficiencies, fostering innovation**
- **Increasing market share**
- **Generating investment opportunities**
- **Others?**



Market Value

- *Less Risk*
- *More Trust*
- *Lower Costs*
- *More Growth*