



Trade and Sustainable Development

The Kenya-EU Economic Partnership Agreement has a dedicated Trade and Sustainable Development (TSD). This chapter in line with the European Union's new Trade Policy. The chapter entails:

- Binding and enforceable provisions on respect of workers' rights and promotion of decent work.
- Promotion of gender equality, and women empowerment.
- Commitment to implement the Paris Agreement on climate change and environment.
- Combating illegal wildlife trade, logging and fishing.
- Independent civil society representation (trade unions, business associations, NGOs) to advise on the implementation of the agreement.
- Review Clause to strengthen sustainability provisions, including stronger enforcement.
- Sustainability commitments supported by reinforced cooperation and development assistance.
- Dispute Settlement procedures on sustainability issues to ensure enforcement.

The Environmental, Social and Corporate Governance (ESG) has become a leading model of sustainable business development that is based on responsible attitude towards the environment, high social responsibility, and good governance. Until recently, profit was considered a key indicator of business success. Today, investors, regulators, suppliers, and customers are increasingly paying closer attention to how sustainable organizations' operations are.

While it is widely accepted that companies should lower their negative impact on environment through decreasing greenhouse emissions or limiting water and air pollution, the ESG framework takes a holistic view that sustainability extends beyond just environmental issues. Thus, the social pillar takes into consideration whether a company ensures fair labor practices, promotes diversity and inclusion in the workplace, and sources their resources ethically. At the same time, the governance pillar sees to how an organization is being managed, promoting transparency, accountability, shareholder rights, and board diversity. ESG has now emerged as the leading standard for non-financial reporting among large international companies worldwide. Investors see compliance with ESG standards not just as an ethical aspect but also as a demonstration of its resilience to potential risks and ability to ensure sustainable financial growth in the long term. Therefore, ESG has become a prerequisite for businesses that are interested in entering international markets or attracting foreign investment.