



Sustainability Reporting Guideline (SRG1) in Nigeria (2026)

Background and Key Observations – in accordance with Section 8 (2) of the Financial Reporting Council of Nigeria Act No. 6 2011 (as amended 2023) and as part of the resolve to ensuring the integrity of corporate reporting and safeguarding public interest, the Financial Reporting Council of Nigeria is introducing this Guideline to clarify issues arising from the adoption and implementation of ISSB Sustainability Disclosure Standards in Nigeria for transparency and accountability.

This Guideline is hereby made as follows:

1. **Adopted Sustainability Reporting Framework in Nigeria** – At COP 27 at Sharm El-Sheikh in Egypt, in November 2022, the Financial Reporting Council of Nigeria (FRC) declared its intention to adopt IFRS Sustainability Disclosure Standards (IFRS SDSs) issued by the International Sustainability Standards Board (ISSB), being the global baseline for sustainability reporting. The adoption of IFRS SDS for the Nigerian jurisdiction was endorsed by the President and Commander in Chief of the Armed Forces, Federal Republic of Nigeria, President Bola Ahmed Tinubu, GCFR at Aso Rock during a visit by Mr. Emmanuel Faber, the Chair of ISSB and his team to Nigeria on March 21, 2024. Therefore, IFRS SDSs are the sustainability reporting framework that has been adopted in Nigeria in the private sector. Commercial Public Sector Entities (CPSEs) – (formerly referred to as Government Business Entities (GBEs) must also adopt IFRS SDSs in their sustainability reporting. Similarly, sustainability disclosure standards issued by the International Public Sector Accounting Standards Board (IPSASB) are the sustainability reporting framework that must be adopted by public sector entities.
2. **Sustainability Disclosures as Identifiable Integral Part of Annual Report** – the sustainability report should be an integral part of the Annual Report with a beginning and an end, and properly titled. It should be located as specified in the Adoption Roadmap i.e. immediately after Directors' Report but before the financial statements. Its beginning and end must be within this space. It should not be dispersed across the annual report to avoid obscuring information. This is without prejudice to the principle of connectivity. It must contain a Statement of Compliance with the adopted sustainability disclosure standards.

3. **Sources of Guidance**—in line with Paragraph 56 – 58 of IFRS S1, the sources of guidance for the identification of sustainability related risks and opportunities that could reasonably be expected to affect an entity’s prospect shall be the IFRS Sustainability Disclosure Standard that applies to that sustainability-related risk or opportunity.

In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that:

- i. is relevant to the decision-making of users of general purpose financial reports; and
- ii. faithfully represents that sustainability-related risk or opportunity.

In making this judgement:

- a) An entity shall refer to and consider the applicability of the metrics associated with the disclosure topics in the SASB Standards. An entity might conclude that the disclosure topics included in the SASB Standards are not applicable in the entity’s circumstances.
- b) an entity, may to the extent that these sources do not conflict with IFRS Sustainability Disclosure Standards, refer to and consider the applicability of:
 - (i) the CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity-related Disclosures (collectively referred to as ‘CDSB Framework Application Guidance’);
 - (ii) the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports; and
 - (iii) the sustainability-related risks and opportunities identified by entities that operate in the same industry(s) or geographical region(s).
- c) or any other investor focused standard to the extent that these sources do not conflict with IFRS Sustainability Disclosure Standards.

Also in making the judgement as described above, an entity may - to the extent that these sources assist the entity in meeting the objectives of the standards and do not conflict with IFRS SDSs - refer to and consider the applicability of:

- a) The Global Reporting Initiatives (GRI) Standards
- b) The European Sustainability Reporting Standards (ESRSs)

4. **Interoperability**—In this jurisdiction, interoperability refers to the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk and opportunity. In this situation, an entity shall refer

to the Sources of Guidance as listed in (3) above. Preparers must note that IFRS Sustainability Disclosure Standards are the primary reporting framework and interoperability does not mean interchangeability or willful optionality of other standards of choice.

5. **Obscuring Sustainability Information:** IFRS S1.62 and B.27 advise against obscuring Sustainability disclosures. Information is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that information. Examples of circumstances that might result in material information being obscured include:
 - a) material information is not clearly distinguished from additional information that is not material;
 - b) material information is disclosed in the sustainability-related financial disclosures, but the language used is vague or unclear;
 - c) material information about a sustainability-related risk or opportunity is **scattered** throughout the sustainability-related financial disclosures;
 - d) items of information that are dissimilar are inappropriately aggregated;
 - e) items of information that are similar are inappropriately disaggregated; and
 - f) the understandability of the sustainability-related financial disclosures is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Other instances of information that are not requirements of the standards which can obscure sustainability information include the following:

- (i) disclosures of interviews of any type
- (ii) pictures of CSR activities
- (iii) pictures of awards
- (iv) content of disclosures included under appendices, listing provisions/paragraphs of the standards followed by the entity's responses

However, images and graphical illustrations that explain and lead to better understanding of material sustainability disclosures may be allowed in the notes.

6. **Readiness Assessment Test** – it is mandatory that all entities pass through the FRC Readiness Test to demonstrate their readiness to adopt the standards. This is to ensure that the adopting entity is fully prepared to implement the adoption journey. It is therefore important that before an entity is fully prepared to implement the standards, it should contact the FRC for proper guidance.
7. **Identification of Industry Volumes:** Paragraph 59 (b) of IFRS S1 requires an entity to identify the industry specified in the IFRS SDSs, the SASB Standards or other sources of guidance relating to a particular industry that the entity has applied in preparing its sustainability related financial disclosures including identifying applicable metrics. Consequently, the FRC will expect adopting entities to specify the industry classifications they belong to, and/or disclosure topics applicable.

8. **Internal Carbon Price:** Attention of adopters is drawn to IFRS S2.29(f), which requires an entity to disclose information relevant to the cross-industry metrics category of internal carbon price in which the entity is expected to disclose (i) an explanation of whether and how the entity is applying a carbon price in decision making; (ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the cost of its greenhouse gas emissions.
9. **Internal Carbon Price:** Internal Carbon Price is based on jurisdiction. Currently, efforts are being made in Nigeria to institutionalize Carbon Price mechanism. As such, some adopters find it difficult to disclose their internal carbon price in line with IFRS S2.29 (f). The non-existence of jurisdictional internal carbon price mechanisms is not enough reason not to disclose internal carbon price in sustainability reports. Adopting entities are therefore advised to use internal carbon price applicable in similar jurisdictions with the same characteristics as Nigeria and disclose such characteristics to estimate their internal carbon price and clearly disclose the chosen jurisdiction.
10. **Transparency in Calculation of Co2 Emissions:** IFRS S2.29 (a) (i)-(vi) require an entity to disclose the approach it uses to measure its greenhouse gas emission including:
 - (i) the measurement approach, input and assumptions the entity uses to measure its greenhouse gas emissions;
 - (ii) the reason why the entity has chosen the measurement approach, input and assumptions it uses to measure its greenhouse gas emissions. Consequently, the reporting entities are expected to disclose the approach adopted in measuring their greenhouse gas emissions.

For Scope 1 and Scope 2 greenhouse gas emissions, disclosed disaggregate emissions between:

- 1) the consolidated accounting group (for example this group would comprise the parent and its consolidated subsidiaries); and
- 2) other investees excluded (for example, these investees would include associates, joint ventures and unconsolidated subsidiaries);

For Scope 2 greenhouse gas emissions disclosed, further disclose its location-based Scope 2 greenhouse gas emissions and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions describe.

For Scope 3 greenhouse gas emissions: disclose:

- 1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the *Scope 3 categories* described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and
- 2) additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments (*financed emissions*), if the entity's activities include asset management, commercial banking or insurance it is

expected that adopters whose activities include asset management, commercial banking or insurance provide this additional information.

GHG Emission calculator: it is recommended that the entities use IPCC/UNFCCC GHG emission calculator with Nigeria emission factor considerations.

11. **Business Model and Value Chain:** IFRS S1.32 requires an entity to disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain. The standard defines business model as: An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term. It also defines value chain as: "The full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates". While the standard defines both business model and value chain and requires disclosures of current and anticipated effect of sustainability related risk and opportunities on them, it does not specify their disclosures. The Council is of the view that reporting entities may disclose their business model and value chain as this will make them to better understand the effect of sustainability related risks and opportunities. The business model and value chain where included should be disclosed immediately after the reporting entity's sustainability disclosure policies.
12. **Sustainability Disclosures Policy:** An entity is required to disclose its sustainability disclosures policies, as in financial reporting. This should be at the beginning of the sustainability disclosures.
13. **Interim Sustainability Disclosures:** Entities required by the Capital Markets to submit interim financial statements are required to submit their interim sustainability disclosures as integral part of the interim financial statements. Such interim sustainability disclosure should include Introduction and the Four Contents element comprising: Governance, Strategy, Risk Management and Metrics and Target. Interim Sustainability Disclosures should be based on incremental information that arose after the last quarter and should not be a repetition of what has earlier been disclosed. Interim Sustainability Disclosures should not be construed as Abridged Sustainability Disclosures. The practice of including Abridged Sustainability Report as part of Audited Financial Statement (AFS) usually submitted to NGX 60 or 90 days after year end without other information included in annual reports is not encouraged by FRC. Entities are encouraged to have one Sustainability Disclosures included as part of Annual Report to be presented to shareholders at the Annual General Meeting (AGM). Such Sustainability Disclosures should be located as explained in (2) above.
14. Timelines for Reporting and Assurance have been adjusted as follows:

Reporting Timeline:

Phase 1: Early Adopters (Dec, 31, 2023)	Phase 2: Voluntary Adopters (2024 -2027)	Phase 3: Mandatory Adopters		Phase 4: Government & Govt. Organizations 2028 (Early Adoption Encouraged)
		All PIEs: 2028 (including CPSEs (formerly GBES))	SMEs: 2030 (Early Adoption Encouraged)	

Assurance Timeline:

Fourth and Fifth Years after Reporting	Sixth Year After Reporting	Seventh Year After Reporting
<ul style="list-style-type: none"> Limited assurance/verification of S1 and S2 disclosures (excluding scope 3 emissions, scenario analysis and transition plans. 	<ul style="list-style-type: none"> Limited assurance/verification including scope 3 emissions, scenario analysis and transition plans. 	<ul style="list-style-type: none"> Reasonable assurance/verification of all disclosures (full quantitative assurance).

Amended Readiness Test Assessment: Readiness test assessment will be conducted to ascertain the preparedness or otherwise of entities to adopt the IFRS sustainability disclosure standards. The following documents will be required to be submitted by the reporting entities to the FRC for the assessment.

1st Stage

Three (3) months before the beginning of the reporting Date

- Board resolution approving the adoption of the IFRS sustainability disclosure standards;**
- GAP Analysis Report;**
- Implementation plan**

2nd Stage

Not more than three (3) months after the beginning of the reporting date

- IFRS Sustainability Disclosures Policies;**
- Identification and application of transitional reliefs;**

3. **Identification and materiality assessment of sustainability and climate-related risks and opportunities.**
4. **Evidence of the establishment of a governance structure for sustainability reporting;**
5. **Evidence of Board Approval of the IFRS Sustainability Disclosure Policies;**
6. **Evidence of Regulatory Sustainability Training for Board Members, Management, and Preparers. This does not preclude normal IFRS S1 and S2 training by a reputable financial Organisation which has MOU with FRC.**

3rd Stage

Not more than six (6) months after the beginning of the reporting date

1. **Evidence of registration of the entity and professionals engaged in the sustainability reporting process with the FRC in line with section 41 of FRC Act 2011 (as amended 2023);**
 2. **Description of Models used for scenario analysis;**
 3. **Enterprise and Sustainability Risk Management Framework;**
 4. **Evidence of Board is Approval of Enterprise and Sustainability Risk Management Framework;**
 5. **Description of identified cross industry and Industry specific metrics and targets used to manage and measure sustainability and climate related risks and opportunities**
 6. **Evidence of Board's Approval of metrics and Targets used to manage and measure identified sustainability and climate related risks and opportunities.**
 7. **Current financial effect of SRRO**
 8. **Internal Control Over Sustainability Reporting**
15. **Professionals that must sign Sustainability Reports:** Preparation and presentation of ISSB SDS must be a cross functional team effort. However, for the purpose of annual reporting, Sustainability Disclosures must be signed by a member of Management Team who oversees sustainability reporting. Such a person must sign and append his/her FRC number.

16. Professionals that can engage in Sustainability Reporting: Sustainability Reporting is a multi-disciplinary activity. For the avoidance of doubt, the following shall be registered with FRC as professionals who can engage in sustainability reporting, for corporate reporting purposes;

1. Members of the Institute of Chartered Accountants of Nigeria
2. Member of the Institute of Chartered Secretaries and Administrators of Nigeria
3. Members of Association of National Accountants of Nigeria
4. Members of Chartered Institute of Directors
5. Members of Sustainability Professionals such as environmentalists, energy experts, climate change experts, water management experts, carbon accounting experts, etc.

Such members must, in addition to membership of the above professional bodies hold a qualification in sustainability acceptable to FRC.

However, evidence of professional skills in sustainability acquired through verifiable practical experience may be acceptable to FRC.

NB: Entities engaging sustainability professionals and firms for sustainability assignments must request evidence of their registration with the FRC.

17. Internal Control over Sustainability Reporting (Interpretations)– One of the documents required to be submitted to FRC is Internal Control over Sustainability Reporting (ICSR). This must not be interpreted as the same with Internal Control Over Financial Reporting (ICFR). For the purpose of sustainability, ICSR are the controls that ensure sustainability data can be trusted, defended, and independently verified and assured by relevant responsible officer. **Examples of these include, but not limited to the following:**

1. Clear ownership of sustainability data by responsible officer
2. Documented methodologies (e.g., GHG calculations)
3. Review and approval of assumptions and estimates
4. Data validation and reconciliation checks
5. Audit trails and evidence retention

18. Interpretation of commencement of mandatory period

Mandatory period commences from the accounting period beginning on or after 1 January 2028. Consequently, accounting period beginning on any date in 2027 but ending any month in 2028 will not fall under the mandatory period

19. Application of Rule 14: The Financial Reporting Council of Nigeria’s Rule 14 (**Non-Compliance with Laws and Regulations**) applies to this Guideline.

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This Guideline becomes effective on February 16, 2026.