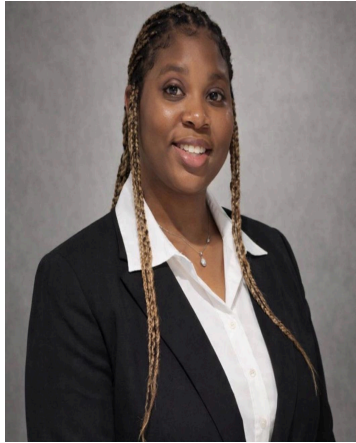


ESG and Sustainability Reporting in Nigeria: The 2028 Deadline is Closer Than You Think



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INTRODUCTION

There is a conversation happening in Nigerian boardrooms right now that many companies are still treating as a future problem. It is not a future problem. On the 23rd of February 2026, the Financial Reporting Council of Nigeria unveiled its amended Sustainability Reporting Roadmap and issued the inaugural Sustainability Reporting Guideline, known as SRG 1. The message from the FRC was clear: Nigeria is moving toward mandatory environmental, social and governance reporting, and the clock is already running.

ESG, which stands for Environmental, Social and Governance, refers to the set of standards by which a company's conduct is measured beyond its financial performance. Environmental factors cover how a company manages its impact on the natural world. Social factors cover how it treats its employees, communities and supply chains. Governance factors cover the quality of its leadership, accountability structures and internal controls. Together, these three dimensions now sit at the heart of how investors, regulators and global partners evaluate Nigerian businesses.

This article explains what the FRC's roadmap means in practice, why 2026 is the most important year in Nigeria's ESG journey so far, and what Nigerian companies need to start doing right now to avoid being caught unprepared when mandatory compliance arrives.

1. What the FRC's 2026 Roadmap Actually Says

The Financial Reporting Council of Nigeria has structured Nigeria's adoption of the International Financial Reporting Standards on sustainability, specifically IFRS S1 and IFRS S2, in three phases. Voluntary adoption runs from 2024 through 2027. Mandatory compliance for large Public Interest Entities takes effect from January 2028. The framework then extends to small and medium enterprises and government bodies by 2030.

IFRS S1 covers general sustainability-related financial disclosures, requiring companies to report on any sustainability risk or opportunity that could reasonably be expected to affect their cash flows, access to finance or cost of capital. IFRS S2 covers climate-related disclosures specifically, requiring companies to disclose their governance of climate risks, their strategy for managing those risks, and their metrics and targets for reducing emissions.

The 2026 amendment to the roadmap did three important things. It clarified the reporting timelines. It set out the assurance requirements that companies must meet before their sustainability reports can be considered credible. And it introduced a formal Adoption Readiness Test, which companies must pass before they can submit their first sustainability report to the FRC. The readiness test requires a board resolution approving adoption, a gap analysis report, an implementation plan and evidence of sustainability disclosure policies aligned with IFRS standards.

As at the time the amendment was unveiled, forty one Nigerian entities were positioned on the verge of full compliance, with four already classified as early adopters. For the vast majority of Nigerian businesses, the journey has not yet begun.

2. Why 2026 Is the Year That Actually Matters

The mandatory deadline is 2028. That might sound comfortable from where we stand in mid-2026. It is not, and here is why.

Meaningful compliance with IFRS S1 and S2 for the 2028 reporting year, which covers fiscal year 2027, requires companies to collect baseline data for the year 2026. Sustainability reporting is not something a company can reconstruct in arrears. You cannot go back and gather your 2026 emissions data in 2028. You cannot retrospectively document your governance structures for

climate risk in the year you are supposed to be reporting on them. The data collection must begin now, in this financial year, or the 2028 deadline becomes impossible to meet without significant gaps.

There is a second reason 2026 matters. Nigeria's roadmap introduces limited assurance requirements from the third year of a company's reporting cycle. Assurance means that an independent professional reviews and verifies your sustainability disclosures. To reach a point where your disclosures are assurance-ready, your data governance systems and internal controls must be genuinely audit-ready, not just directionally accurate. Building those systems takes time. Companies that started financial IFRS adoption in Nigeria in the early years learned this lesson. Those that prepared early absorbed the process steadily. Those that waited faced restatements, qualified auditor opinions and reputational damage. The same pattern is about to repeat itself in sustainability reporting.

3. The Regulatory and Investment Pressure Is Already Here

Some Nigerian companies are waiting for a direct enforcement notice before they act. That approach misunderstands how regulatory pressure actually works in the ESG space, and it also misses the more immediate commercial consequences.

The Nigerian Exchange Group has issued Sustainability Disclosure Guidelines that apply to listed companies. The Securities and Exchange Commission has embedded ESG considerations into its governance codes. The Central Bank of Nigeria issued its Sustainable Banking Principles years ago and has since issued further guidance on climate risk for financial institutions. Nigeria's largest companies are already being evaluated on their ESG performance by the investors, analysts and counterparties they work with every day.

In May 2026, Norrenberger launched Nigeria's first ESG benchmark, the Nigerian Corporate Sustainability Report, a data-driven framework assessing Nigerian companies across five pillars: environmental stewardship, corporate governance, social impact, stakeholder accountability and responsible business conduct. This benchmark was unveiled at Transcorp Hilton, Abuja, before senior executives, investors and regulators. Its purpose is to create the kind of standardised, comparable data that global capital markets require before deploying investment into Nigerian companies.

The commercial implication of this is straightforward. As global capital increasingly directs itself toward ESG-aligned opportunities, Nigerian companies that cannot demonstrate credible sustainability performance will find themselves at a disadvantage when raising funds, attracting foreign partners or bidding for contracts with multinationals that have their own ESG obligations to meet.

4. What ESG Compliance Actually Looks Like for a Nigerian Company

For many Nigerian business owners and directors, ESG still sounds like an abstract concept designed for large listed corporations. In practice, the compliance requirements are grounded and specific.

On the environmental side, a company needs to understand and document its energy consumption, water usage, waste management practices and greenhouse gas emissions. For most Nigerian businesses, the most immediate challenge is Scope 1 emissions, which are direct emissions from the company's own operations such as generators, company vehicles and industrial equipment. Diesel generators, which remain a fact of life for most Nigerian businesses because of the power supply situation, are a significant source of direct emissions that companies will need to start measuring.

On the social side, the focus is on employment practices, health and safety, community impact and supply chain conduct. Nigerian companies will need to document how they treat their workers, whether they comply with labour laws, what they do to protect health and safety on their premises and how they engage with the communities in which they operate.

On the governance side, the requirements overlap significantly with what the Nigerian Code of Corporate Governance 2018 already expects of companies. Board composition, management accountability, anti-corruption policies, disclosure practices and the existence of a board-level committee responsible for oversight of ESG risks are all relevant. For many Nigerian companies, governance is actually the easiest pillar to address quickly because the infrastructure already exists in the form of existing compliance frameworks. The gap is usually documentation and board-level ownership.

5. The Legal Dimension: What Boards and Directors Need to Understand

Directors of Nigerian companies need to understand that sustainability reporting is not just a finance or communications function. It is a governance responsibility that sits squarely at the board level, and it carries legal implications.

The Financial Reporting Council of Nigeria has the authority to sanction companies and their directors for failures of financial reporting. As sustainability reporting transitions from voluntary to mandatory, the FRC's oversight will extend to sustainability disclosures in the same way it covers financial statements. A material misstatement in a sustainability report, or a failure to disclose a known climate risk that later materialises and causes loss to investors, will be treated with the same seriousness as a misstatement in a company's audited accounts.

Directors who sign off on sustainability reports without understanding what they contain, or who allow their companies to make environmental or social claims that are not supported by data, are exposing themselves to regulatory sanction and civil liability. The practice of making empty sustainability claims, often called greenwashing, is an area of growing regulatory scrutiny globally and Nigeria will not be insulated from that trend as its reporting framework matures.

Boards should be taking three steps right now. First, they should ensure that at least one board-level committee has formal oversight of ESG risks and sustainability reporting. Second, they should commission a gap analysis to understand where their company currently stands against IFRS S1 and S2 requirements. Third, they should engage their legal and compliance advisers to ensure that any sustainability disclosures they are already making, whether in annual reports, on their website or in marketing materials, are accurate and defensible.

CONCLUSION

The 2028 mandatory compliance deadline for ESG reporting in Nigeria is not a distant event. For companies that need to collect baseline data, build internal systems, pass the FRC's Adoption Readiness Test and produce disclosures that are capable of independent assurance, the preparation window is already narrowing. The companies that will meet the deadline without disruption are the ones that start the work this year.

ESG is also not simply a compliance burden. Done properly, it is a genuine competitive advantage. Nigerian companies that can demonstrate credible, independently verified

sustainability performance will be better placed to attract international investment, win contracts with global counterparties and build the kind of long-term reputational equity that protects them when markets turn difficult.

The FRC has done its part. It has issued the roadmap, provided the guidelines and set the timeline. What happens next depends on how seriously Nigerian businesses and their boards take the signal. If your company has not yet taken the first step, the right time to begin is now.

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