

IFRS S1 & S2: A New Era for Sustainability Reporting in Africa

ISSB's Global Standards Arrive in Africa



Is Africa ready for IFRS S1 and S2?

As global expectations for corporate sustainability disclosure tighten, Africa stands at a pivotal crossroads. The release of the International Sustainability Standards Board (ISSB)'s IFRS S1 and S2 standards—effective from January 2024—marks a new era for corporate transparency and climate accountability. But the question remains: Is Africa ready?

A Snapshot of the Standards

As sustainability reporting becomes a global imperative, the introduction of the International Financial Reporting Standards (IFRS) S1 and S2 marks a significant step toward standardised, transparent, and investor-relevant disclosures. IFRS S1 and S2 are built on frameworks such as Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB), aiming to provide a universal baseline for sustainability reporting.

- IFRS S1 sets the foundation for disclosing all sustainability-related financial information, including governance, strategy, risk management, and metrics.
- IFRS S2 focuses specifically on climate-related risks and opportunities, including greenhouse gas emissions and scenario planning.

These standards aim to create a global baseline for sustainability reporting, enabling consistent, comparable, and decision-useful disclosures for investors.

Where Africa stands?

The IFRS foundation has confirmed that several African countries — including Ghana, Kenya, Nigeria, Tanzania, and Zambia — are actively aligning with or adopting the ISSB Standards as part of a growing global movement to standardise sustainability-related financial disclosures. This momentum reflects Africa's recognition of the importance of sustainable finance for accessing international capital and trade.

Some of the concrete steps being taken by leading African economies are as follows:

- **Nigeria** has embedded IFRS S1 and S2 into its regulatory framework through the Financial Reporting Council.
- **Kenya's** Institute of Certified Public Accountants (ICPAK) has proposed a roadmap with adoption for public interest entities by 2027.
- **South Africa**—with its strong corporate governance frameworks—has seen movement via the JSE's Sustainability Disclosure Guidance aligned with TCFD and ISSB principles.
- The Accounting and Auditing Board of **Ethiopia** (AABE) confirms that IFRS S1 becomes effective for reporting periods starting 1 January 2024, with IFRS S2 similarly recognized.

However, adoption is uneven. Many markets remain in early awareness stages, and national regulatory guidance varies significantly.

Opportunities ahead

The adoption of IFRS S1 and S2 presents a wide range of opportunities for Africa as it seeks to position itself within the global sustainability landscape. The table below outlines key advantages of early adoption,

from improving risk resilience and regulatory preparedness to building a strong sustainability brand that appeals to global stakeholders.

Benefit	Description
Investor trust	Transparent, comparable reporting aligns with global capital market norms
Access to green finance	Qualifying for green bonds and climate-linked loans
Regulatory readiness	Ahead of schedule in jurisdictions mandating S1/S2
Competitive ESG positioning	Branding as sustainability leaders in Africa
Risk resilience	Better management of climate, regulatory, and reputation risks

Readiness Gaps Across the Continent

Despite growing momentum toward the adoption of IFRS S1 and S2 in Africa, significant readiness gaps persist across many jurisdictions. Key challenges include limited technical capacity within regulators and reporting entities, insufficient awareness and understanding of the standards, and a lack of reliable sustainability-related data and reporting systems. Many organizations are still in the early stages of integrating ESG considerations into governance, strategy, and risk management processes—core pillars of IFRS S1.

In addition, the detailed requirements of IFRS S2, such as greenhouse gas emissions reporting and climate scenario analysis, pose technical and resource-intensive demands that most companies are not yet equipped to meet. Without targeted capacity-building, phased implementation plans, and tailored local guidance, these gaps risk undermining the consistency and comparability that the standards aim to achieve.

Ready to act?

As African businesses prepare for the global shift towards mandatory sustainability disclosures, staying ahead of IFRS S1 and S2 implementation is no longer optional—it is a strategic imperative. These standards demand more than compliance; they require organisations to integrate sustainability into the heart of their governance, risk, and financial systems. To lead rather than lag, companies must adopt a forward-looking approach that combines capacity building, systems development, stakeholder engagement, and strategic alignment.

Grant Thornton has put together a roadmap that provides a structured pathway to guide businesses through readiness, implementation, and leadership in IFRS-aligned sustainability reporting.

Phase	Key Actions	Outcomes
1. Awareness & Buy-in	<ul style="list-style-type: none"> Educate leadership and boards on IFRS S1/S2 	Leadership commitment and internal mandate established
2. Gap Assessment	<ul style="list-style-type: none"> Assess current ESG practices against IFRS S1/S2 requirements Identify reporting gaps 	Clear view of readiness and action areas
3. Capacity Building	<ul style="list-style-type: none"> Build board ESG governance structures and oversight capability 	Skilled board and internal teams with foundational IFRS understanding

Phase	Key Actions	Outcomes
	<ul style="list-style-type: none"> Train finance, ESG, and risk teams 	
4. Integration & Strategy	<ul style="list-style-type: none"> Embed ESG in corporate strategy, risk, and capital allocation Set materiality criteria 	ESG fully integrated into business model
5. Data & Systems Setup	<ul style="list-style-type: none"> Design ESG data collection systems – consider use of platform providers Implement internal controls and audit trails 	Reliable and decision-useful sustainability data
6. Pilot Disclosures	<ul style="list-style-type: none"> Voluntarily report against IFRS S1 and S2 (partial or full) Test internal processes 	Trial run with lessons to refine full implementation
7. Stakeholder Engagement	<ul style="list-style-type: none"> Share roadmap with investors, regulators, and partners Gather feedback 	Alignment with external expectations
8. Full Implementation	<ul style="list-style-type: none"> Publish disclosures in line with IFRS S1/S2 Seek assurance or external validation 	Compliant, transparent, and investor-ready reporting

Africa’s advantage: A platform to leap ahead

IFRS S1 and S2 are no longer optional—they are fast becoming the new norm. For Africa, the journey to readiness will require coordination, innovation, and investment. But with the right partnerships and preparation, African businesses can not only comply—they can lead. The question is no longer "if"—but "how fast" Africa can move.

Grant Thornton’s Africa sustainability desk

We are proud to introduce our African Sustainability Desk — a dedicated hub of ESG expertise designed to support clients across the continent in navigating the evolving sustainability landscape. Staffed by a network of seasoned ESG professionals from diverse African markets, the desk offers localized insights, regional best practices, and tailored advisory services that reflect the unique challenges and opportunities facing businesses in Africa. Whether clients are preparing for IFRS S1 and S2 compliance, developing ESG strategies, or exploring sustainable investment opportunities, our team is equipped to provide practical, high-impact solutions grounded in deep regional knowledge and global standards.

Contact details:



Sumaya Jaffer

Sustainability advisory – South Africa

T +27 (0) 86 117 6782

E sumaya.jaffer@sng.gt.com



Michael Chomba

Sustainability advisory – Kenya

T +254 (0) 728 960 963

E michael.chomba@ke.gt.com



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