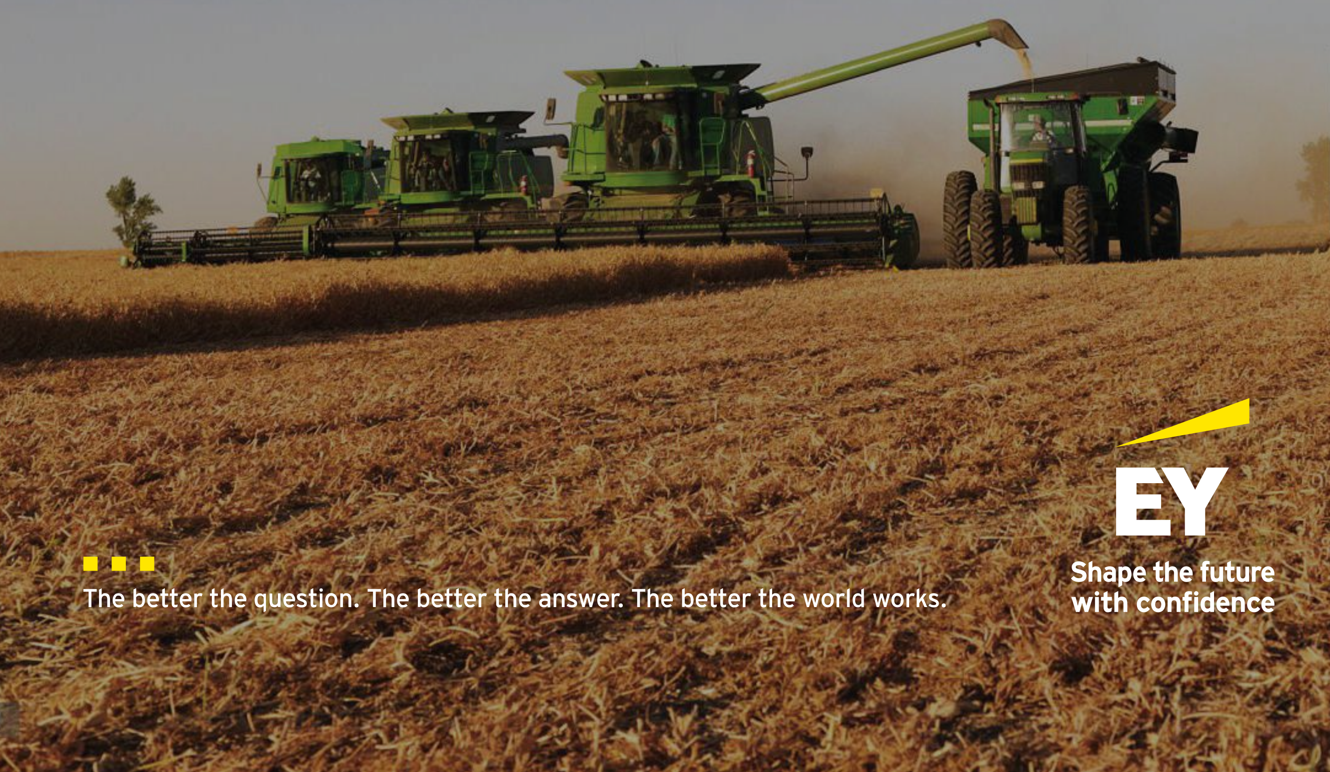
EY Zambia 2025 Sustainability Report

4th Edition | Advancing Readiness for Mandatory Sustainability Reporting in Zambia

July 2026



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Executive summary

Executive Summary

EY Zambia's 2025 Sustainability Report, themed "Advancing Readiness for Mandatory Sustainability Reporting in Zambia," examines how prepared Zambian listed entities and key financial sector regulators are for the transition to mandatory, decision-useful and assurance-ready sustainability reporting. The report considers the governance, strategy, risk management, metrics and disclosure capabilities required to respond effectively to the expectations of the new sustainability reporting standards.

The report draws on primary and secondary data to provide a quantitative and qualitative assessment of 20 eligible companies listed on the Lusaka Securities Exchange (LuSE), spanning banking, financial services and insurance (BFSI), consumer, energy and mining, and infrastructure sectors. It also incorporates perspectives from financial sector and capital market regulators, with a focus on environmental, social and governance (ESG) key performance indicators and readiness for enhanced sustainability disclosure.

To assess progress over time, the report compares sustainability performance across four reporting periods – 2024-25, 2023-24, 2022-23 and 2021 - identifying year-on-year trends, implementation gaps and priority areas for action. It also benchmarks sector performance against global peers to highlight relative progress, emerging leading practices and opportunities for companies to strengthen their sustainability maturity.

The findings indicate that Zambia is entering a new phase of sustainability reporting maturity, characterized by high awareness but uneven implementation readiness. Listed entities are making meaningful progress in embedding sustainability into governance structures, strategic decision-making and corporate reporting. Awareness is increasing, governance arrangements are strengthening and regulatory support is growing.

However, the transition from sustainability awareness to full ISSB-aligned reporting will require accelerated investment in governance, skills, systems, data, risk management and disclosure quality. Regulators similarly recognize the increasing relevance of sustainability information to investor protection, market confidence and financial stability. Their perspectives reinforce the need for disclosures that are more consistent, credible and comparable across the market. The development of the Zambia Green Finance Taxonomy (2025) further signals the growing national focus on climate change, sustainable finance and the role of financial markets in supporting the transition.

As mandatory reporting takes effect, advancing Zambia's sustainability journey will depend on how effectively organizations address implementation challenges relating to technical capacity, sustainability data quality, climate risk assessment, internal controls and disclosure readiness.

Organizations that move early and decisively will be better positioned not only to comply with IFRS S1 and IFRS S2, but also to strengthen investor confidence, improve access to capital, enhance resilience and create long-term value in an increasingly sustainability-focused economy.

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Abbreviations and Acronyms

Core abbreviations used across the EY Zambia 2025 Sustainability Survey Report

Acronyms are grouped compactly for report users; meanings are aligned to the wording used throughout the report and source notes.

AASB	Australian accounting standards board
ASE20	Amman stock exchange 20 Index
BFSI	Banking, financial services & insurance
BoZ	Bank of Zambia
Capex	Capital expenditure
CDP	Carbon disclosure project
CMF	Chile financial market commission
COP	Conference of the parties
CSR	Corporate social responsibility
CSRD	Corporate sustainability reporting Directive
CVM	Brazil securities market regulator
DEI	Diversity, equity & inclusion
DNSH	Do no significant harm
EIA	Environmental impact assessment
ERM	Enterprise risk management
ESG	Environmental, social & governance
EU	European union
EXCO	Executive committee
FRC	Financial reporting council
GECC Act	Green Economy & Climate Change Act
GHG	Greenhouse gas
GRI	Global reporting initiative
IFC	International finance corporation
IFRS	International Financial Reporting Standards
IFRS S1	Sustainability-related disclosures
IFRS S2	Climate-related disclosures
IMRV / MRV	Integrated / measurement, reporting & verification
IPPs	Independent power producers

ISSB	International Sustainability Standards Board
JSE	Johannesburg Stock Exchange
KPIs	Key performance indicators
LuSE	Lusaka Securities Exchange
MoGEE	Ministry of Green Economy & Environment
MSCC	Minimum social compliance criteria
MSS	Minimum social safeguards
NBAA	National Board of Accountants & Auditors
NGX	Nigerian exchange
Opex	Operating expenditure
PAE	Publicly accountable entity
PIA	Pensions and insurance authority
SASB	Sustainability Accounting Standards Board
SBTi	Science based targets initiative
SEC	Securities and exchange commission
SECP	Securities and exchange commission of Pakistan
SMEs	Small and medium-sized enterprises
SSRN	Social science research network
SWOT	Strengths, weaknesses, opportunities & threats
TCFD	Task Force on Climate-related Financial Disclosures
TSC	Technical screening criteria
UNCTAD	UN Trade and Development
ZEMA	Zambia environmental management agency
ZGFT	Zambia Green Finance Taxonomy
ZICA	Zambia Institute of Chartered Accountants

Key Definitions

Reader-friendly definitions for key sustainability reporting terms used in the report

Reader guide: these definitions support interpretation of the report's ISSB readiness, governance, data and green-finance sections.

Sustainability reporting
Disclosure of material environmental, social and governance information, including performance, risks, opportunities and metrics.

Mandatory sustainability reporting

Disclosure required by adopted standards, regulation, listing rules or supervisory expectations for specified reporting periods.

ISSB readiness

The ability to report under IFRS S1 and IFRS S2 through governance, strategy, risk, metrics, data controls and assurance evidence.

Decision-useful disclosure

Information that helps investors, lenders, regulators and Boards assess enterprise value, resilience and capital allocation.

Assurance-ready reporting

Reporting supported by clear ownership, definitions, evidence trails, controls and review processes for independent assurance.

Material sustainability-related risks and opportunities

ESG or climate matters that could affect strategy, cash flows, access to finance or enterprise value.

Enterprise value

The long-term value of the business as shaped by financial performance, risk, resilience, assets, cash flows and stakeholder confidence.

Physical climate risk

Financial or operational impact from climate events such as drought, floods, heat stress or water scarcity.

Transition climate risk

Impact from policy, technology, market or reputation changes as economies move toward lower-carbon models.

Scope 1, 2 and 3 emissions

Direct emissions, purchased-energy emissions and wider value-chain emissions, respectively.

Green finance
Capital directed to environmentally sustainable activities, supported by taxonomy criteria and evidence of alignment.

Taxonomy alignment

Demonst1rating that an activity meets technical criteria, does no significant harm and satisfies social safeguards.

Greenwashing

Unsupported or misleading sustainability claims that overstate environmental or social performance, alignment or impact.

Data controls and evidence trails

Metric ownership, source systems, calculation methods, approvals and retained evidence supporting reported sustainability information.

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Introduction and key findings

Introduction

The EY Zambia 2025 Sustainability Survey Report offers a comprehensive analysis of Zambia's sustainability reporting landscape based on responses from 15 out of 20 eligible listed entities operating in the country. This year's edition captures the sector's shifting priorities, persistent challenges and emerging opportunities within a rapidly evolving regulatory, technological, and economic landscape.

From compliance obligation to strategic advantage

Sustainability is no longer a peripheral reporting matter for Zambia's listed entities. It is becoming a defining feature of corporate resilience, investor confidence and long-term value creation. As regulatory expectations evolve and climate-related risks become more financially material, the organizations that are best prepared will be those that embed sustainability into how they govern, allocate capital, manage risk and communicate performance.

EY Zambia's 2025 sustainability report survey points to a market that is moving in this direction. 73% of respondents indicated that sustainability-related matters are already overseen either through an existing board or management committee, or through a dedicated sustainability/ESG Committee. This is an important signal: sustainability is shifting from a corporate social responsibility (CSR) discussion to a Board-level agenda item linked to strategy, risk and accountability.

A market preparing for a new reporting era

The adoption of the International Sustainability Standards Board (ISSB) IFRS S1 and IFRS S2 disclosure standards by the Zambia Institute of Chartered Accountants (ZiCA), effective for listed entities with financial reporting periods beginning on or after 1 January 2026, marks a significant inflection point. It brings Zambia into a global movement toward more consistent, comparable and decision-useful sustainability disclosures, and raises the bar for how companies assess, manage and report sustainability-related risks and opportunities.

Why this report matters

Against this backdrop, EY Zambia's 2025 sustainability survey report, themed "Advancing Readiness for Mandatory Sustainability Reporting in Zambia," provides a timely view of how prepared listed entities and key financial sector regulators are for the transition to mandatory sustainability reporting. The report examines readiness through the lenses that matter most for implementation: governance, strategy, risk management, metrics, targets and disclosure capability.

The evidence base

The report is grounded in a market assessment covering listed entities and financial sector regulators. Strong participation across both stakeholder groups provides a credible basis for understanding current market readiness, emerging leading practices and the practical barriers that may affect implementation. 15 of the 20 eligible listed entities surveyed responded, representing a 75% response rate.

All three financial sector regulators — the Bank of Zambia (BoZ), Securities and Exchange Commission (SEC), and Pensions and Insurance Authority (PIA) — responded, representing a 100% regulator response rate.The Lusaka Securities Exchange (LuSE) also contributed market perspective.

What we assessed

For listed entities, the assessment considered the building blocks of credible sustainability reporting: governance and oversight, strategy integration, climate risk assessment, IFRS S1/S2 readiness, and awareness of the Zambia Green Finance Taxonomy.

For regulators, the assessment explored how sustainability and ESG risks are being integrated into supervision, how reporting risks are being considered, the extent of alignment with ISSB and other international standards, market and sector readiness, and the constraints that may slow broader ESG adoption.

What the findings tell us

The findings show a market that is progressing, but not yet fully prepared. Governance structures are emerging and awareness is increasing, yet the move from readiness to implementation will require deeper technical capability, stronger sustainability data, more mature climate risk assessment, robust internal controls and disciplined disclosure processes.

Regulators recognize that sustainability information is becoming increasingly relevant to investor protection, financial stability and market confidence. Their responses reinforce a central message for the market: disclosures will need to become more consistent, credible and comparable if they are to support better decision-making.

The opportunity ahead

For boards, executive committees, regulators, investors and other market participants, the message is clear: mandatory sustainability reporting should not be approached as a narrow compliance exercise. It is an opportunity to strengthen governance, sharpen strategic decision-making, improve risk visibility and build greater trust with stakeholders.

Organizations that act early — by strengthening governance, improving data and controls, integrating sustainability into strategy, and building credible disclosure capability — will be better positioned to meet regulatory expectations, access capital, enhance resilience and create long-term value in a rapidly evolving reporting environment.

Methodology

A mixed-method approach combined primary questionnaire evidence from 15 Zambia listed-entity respondents and four regulator responses with secondary public-report benchmarking across Zambia, Africa and global practice, assessed through an IFRS S1/S2 readiness lens.

1 Primary market evidence

20	15	15	75%
Eligible entities contacted	Listed responses obtained	Analyzable records	Listed response rate

Questionnaire responses were coded into comparable listed-entity and regulator themes: governance ownership, strategy, risk management, metrics and targets, data controls, assurance readiness, disclosure expectations, market readiness and green-finance/taxonomy awareness.

Ethics & confidentiality: responses are analyzed in aggregate; exact regulated and listed entities are anonymized, and findings are reported directionally to avoid attribution.

2 Secondary benchmarking

Zambia	Africa	Global
Listed annual and integrated reports, sustainability pages and regulatory developments.	Regional listed-company practices, exchange guidance and market expectations in comparable African markets.	ISSB-aligned practice, TCFD and SASB legacy architecture and leading assurance-ready disclosures.

3 IFRS S1 and S2 readiness lens

- **Governance & strategy**
  Board oversight, roles, materiality and business-model linkage
- **Risk & climate**
  Transition / physical risk, scenarios and financial-effect narrative
- **Metrics & assurance**
  KPIs, targets, data controls, evidence trails and assurance readiness

4 Sector comparison and selection criteria

Sector	Why it matters	Selection criteria / comparison lens
BFSI	Capital allocation, financed emissions and credit-risk transmission.	**Lender / investor influence;** green-finance exposure; comparability with African exchange guidance and global financed-emissions practice.
Consumer	Customer, workforce, packaging, supply-chain and social license considerations.	**Stakeholder visibility;** disclosure availability; ability to compare Zambia reporting maturity against regional and global consumer issuers.
Energy & mining	High climate, water, environmental, biodiversity and transition-risk materiality for Zambia.	**Economic relevance;** resource intensity; project-finance needs; alignment with IFRS S2, taxonomy screening and global extractives practice.
Infrastructure	Long-life assets, climate resilience, public-service impacts and project finance.	**Material exposure to physical climate risk;** taxonomy eligibility; financing linkage and comparable African / global infrastructure disclosure.

Source: EY Zambia 2025 listed-entity questionnaire (15 responses; 75% rate) and regulator questionnaire; listed-company public reports; IFRS S1 / IFRS S2 disclosure architecture; Zambia Green Finance Taxonomy.

Key findings

Companies are strategically strengthening governance and board-level oversight and annual-report integration among some issuers, while gaps remain in climate risk assessment, data quality, controls, and readiness for IFRS S1 and S2 adoption.

Key highlights – listed entities

In 2025 ESG oversight and sustainability awareness are increasingly embedded within corporate governance structures, with climate change and energy use emerging as the most material sustainability topic being considered firmly on the Boards and executive committees' agenda.

Climate change and energy use: 100% of sampled listed entities identify climate change and energy as a material issue.

Board and senior leadership oversight: 73% listed respondents have board or senior leadership oversight over sustainability matters either through an existing Board/ management committee or a dedicated sustainability/ ESG committee.

Regulator momentum is clear: Regulators show momentum across securities disclosure, prudential supervision, listing-rule reforms and pensions and insurance ESG guidance.

Consistent implementation barriers are consistent across issuers and regulators: Capacity, data reliability, market readiness, noncomparable disclosures, greenwashing risk and weak linkage to financial performance.

Climate change and energy materiality

~100%

Board governance

~73%

Consistent implementation barriers

~50%

Key recommendations

Set a board-owned ISSB roadmap: confirm governance accountability, map material risks and opportunities under IFRS S1, and define IFRS S2 climate metrics, scenarios and transition-plan disclosures.

Move from narrative ESG to controlled data: assign metric owners, document definitions, retain evidence and prepare for limited assurance.

Coordinate regulator guidance and market readiness: align financial-sector regulator expectations, use a phased approach for large/high-impact issuers, and support preparers with practical templates, training and disclosure discipline.

Use the Zambia Green Finance Taxonomy to screen eligible projects and link sustainability strategy to capital planning, lender engagement and investor communication.

This report's findings provide Zambian issuers and regulators with a practical roadmap toward mandatory sustainability reporting, aligning governance, data, climate disclosure, green-finance readiness and phased supervisory expectations so ESG reporting supports capital access, resilience and stakeholder trust.

Key findings

Regulators have underscored broad institutional recognition of sustainability-related risks, while highlighting uneven market readiness, capacity constraints, and priority disclosure risks such as greenwashing.

Key highlights – Financial sector regulators

Sustainability regulation: 100% of the financial sector regulators have sustainability and ESG on the regulatory agenda.

~100%

Market readiness: 100% financial sector regulators flagged limited market readiness and reporting maturity.

~100%

Capacity and technical skills: 75% cited capacity/technical skills constraints. 50% cited greenwashing risk.

~75%

Boards and executive committees should prioritize credible, comparable sustainability disclosures, stronger ESG governance and risk management integration, and capacity-building and data quality controls to comply with emerging sustainability standards.

Key recommendations

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Zambia sustainability disclosure landscape

Legal landscape on ESG & sustainability | Zambia and globally

Zambia's ESG framework is moving from voluntary narrative reporting to mandatory, investor-focused disclosure supported by climate, carbon-market and sector rules. The strongest progress is visible in recognition of board and management oversight, integration of ESG into annual reporting, social indicator disclosure, and environmental tracking of core operational metrics such as energy, water, waste and GHG emissions.

Regulatory stack: from global baseline to Zambian implementation

01

Global baseline

ISSB IFRS S1/S2 provide the investor-focused baseline; TCFD/GRI and COP outcomes shape climate-risk expectations.

02

National adoption

ZICA adoption makes sustainability governance, controls and reporting obligations mandatory for publicly accountable entities.

03

Climate architecture

The Green Economy and Climate Change Act, 2024 establishes national oversight, GHG inventory, IMRV and climate planning systems.

04

Carbon, banking & mining regulatory rules

Carbon-market, banking, securities and mining regulatory frameworks reinforce verification, compliance, board accountability and enforcement.

Implications for listed entities

Mandatory disclosure

ESG becomes part of financial reporting rather than stand-alone CSR.

Verified data

MRV, GHG inventories and registries raise evidence expectations.

Capital access

Credible classification supports green finance and investor confidence.

Bottom line: Zambia's legal landscape now links governance, climate data, verification and sustainable finance into one disclosure ecosystem.

Source: ZICA Circular 4/2023; Green Economy and Climate Change Act, 2024; Carbon Market Regulations, 2026; IFRS S1/S2; EY Insights analysis.

Zambia Green Finance Taxonomy (ZGFT) | grading green vs. nonaligned activity

The 2025 ZGFT gives investors, regulators and project developers a common framework for credible green finance, stronger oversight, reduced greenwashing and bankable sustainable investment in Zambia.

ZGFT essentials from the 2025 taxonomy

Purpose

Common language to identify environmentally sustainable activity and reduce greenwashing.

Governance

MoGEE coordinates implementation; financial-sector regulators support financial-sector uptake.

Coverage

First iteration covers agriculture, energy, forestry, mining, tourism, transport, water and waste.

Interoperability

Aligned with EU, South African, and Kenyan structures while reflecting Zambia's specific context and priorities.

Alignment decision flow

1. Define activity
2. Check eligibility
3. Meet TSC / MSCC
4. Pass DNSH + MSS
5. Quantify flows

Green when aligned
All gates met with supporting data, assumptions and impact indicators.

Not green / transition issue
Outside scope, failed DNSH/MSS, or insufficient data is not green.

Current status: Voluntary financial-sector tool, with regulators aiming to introduce formal disclosure and alignment rules as market capacity matures.

Why it matters

Taxonomy alignment enables issuers, lenders and investors to tag qualifying revenue, Capex or opex, compare green integrity and reduce greenwashing risk.

Source: ZICA Circular 4/2023; Green Economy and Climate Change Act, 2024; Carbon Market Regulations, 2026; IFRS S1/S2; EY Insights analysis.

Governance

Overview

Companies must move sustainability from compliance narrative to governed enterprise discipline, embedding ESG accountability in board mandates, committee oversight, risk appetite, ERM processes and control environments.

Governance landscape: global requirement and Zambian enablers

Governance focus	IFRS S1/S2 expectation	Zambian regulatory reinforcement
Board oversight	Identify governance body responsible or oversight.	ZICA adoption makes governance disclosure a PAE reporting obligation.
Management roles	Disclose roles, skills and reporting lines.	Green Economy & Climate Change (GECC) Act institutions and sector regulators reinforce escalation routes.
Controls & data	Show controls, procedures and information flows.	GHG inventory, IMRV, registry and financial-sector controls support verification.
Strategy & targets	Connect risks, metrics and targets to decision-making.	Taxonomy, carbon-market and minerals rules link projects, finance and evidence.

Clear ownership, reliable data, documented decisions and internal assurance will be essential to meet emerging standards, strengthen investor confidence and ensure sustainability risks and opportunities are managed with the same rigor as financial performance across all strategic and operational decisions going forward.

Practical governance pathway for Zambian issuers

1 → **Assign**
Board mandate + accountable owners

2 → **Embed**
ERM, strategy and capital allocation

3 → **Measure**
Controlled data, metrics and targets

4 **Assure**
Review, controls and external readiness

Bottom line: governance is not just a disclosure topic—it is the operating system for reliable sustainability reporting under IFRS S1 and S2.

Source: IFRS S1 and IFRS S2 governance requirements; ZICA Circular 4/2023; GECC Act, 2024; ZGFT, 2025; EY Insights analysis.

Strategy

Overview

Assess how sustainability is integrated into business strategy across BFSI, Infrastructure, Energy and Consumer sectors, including the maturity of green finance, renewable projects, scenario analysis, financial linkage and decision-useful metrics.

Cross-sector SWOT analysis

Strengths

- Strong tangible actions such as Green/ social asset books, sustainability bonds and increase in green buildings
- Inherent climate linkage in reinsurance (an anonymized listed entity
- Growing awareness and alignment with national goals
- Operational initiatives such as solar, renewable energy and community programs

Weaknesses

- Limited climate scenario analysis and financial modeling
- Weak integration of ESG into core strategy, capital allocation and risk frameworks
- Inconsistent, non-audit ready metrics and poor financial connectivity
- Limited integration of sustainability initiatives into the overall business strategy

SWOT ANALYSIS

Opportunities

- Full IFRS S1/S2 adoption to attract green capital and lower funding costs
- Lead Zambia's climate finance market (green bond, sustainable products)
- Build resilience via quantified scenario planning
- Position as regional sustainability leaders

Threats

- Regulatory and investor pressure for decision-useful reporting
- Competitive disadvantage arising from slower sustainability progress compared with industry-leading peers
- Risk of stranded assets and higher capital costs
- Material financial hits from climate events such as the 2023/ 2024 drought

Source: IFRS S1 and IFRS S2 governance requirements; ZICA Circular 4/2023; GECC Act, 2024; ZGFT, 2025; EY Insights analysis.

Risks and Opportunities

Overview

IFRS S1 and FRS S2 require companies 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 business model and value chain.

Cross-sector insights

The defining ESG risk in Zambia is physical climate risk—particularly drought—which is already affecting profitability, credit quality, insurance claims, agricultural output, and energy security. And the defining ESG opportunity is the transition to a climate-resilient, low-carbon economy supported by green finance, renewable energy, sustainable agriculture, digital transformation, and enhanced access to international capital through credible ISSB-aligned sustainability reporting.

Risks

- **Physical climate risk** - Increased frequency and severity of droughts, floods, heat stress, and water shortages
- **Energy Security Risk** - Hydropower dependence exposes businesses to drought-related electricity shortages
- **Regulatory and ISSB compliance risk**
- **Cost of capital and investor exclusion risk**
- **Data, reporting, and governance risk from lack of mature ESG systems**
- **Technology and cybersecurity risk**
- **Transition risk**

Opportunities

- **Green and Sustainability** - Linked finance
- **Renewable Energy Development** - Expansion of solar, mini-grid, battery storage, and other renewable energy projects
- **Digital Transformation and Financial Inclusion** - Expansion of digital banking, fintech solutions, and telecommunications infrastructure
- **Public-Private Partnerships (PPPs)** - New revenue streams through collaboration with government and development partners
- **Human capital and talent attraction**

Value

- **Better strategic decision-making and resilience** - Helps companies identify emerging risks and growth opportunities early
- **Enhances access to green finance, sustainability-linked funding**, and ESG-focused investors thus improving financial performance and access to capital
- **Enhanced stakeholder confidence and compliance**

Key message: Sustainability reporting is now a financial-reporting discipline. Entities that align early can improve transparency, risk pricing, access to capital, resilience and long-term competitiveness.

Source: EY Insights analysis of data from company reports, sustainability standards and other public information

Metrics and Targets

Objectives

IFRS S1 and IFRS S2 require companies to disclose performance in relation to sustainability-related risks and opportunities, including progress against targets. The focus is on measurable, comparable and decision-useful metrics rather than narrative reporting alone

Disclosures must include metrics that reflect:
- Industry characteristics
- Business models
- Operational activities

Climate metrics:
- Scope 1 emissions
- Scope 2 emissions
- Scope 3 emissions
- (subject to reliefs)

Focus is on:
- Performance measurement
- Tracking progress over time
- Assessing achievement of targets (internal and regulatory)

Progress by sector

Basic → **Leading**

Energy → Infrastructure → BFSI → Consumer

Cross-sector Insights

Observed strengths
- A steady, though gradual, shift from qualitative to increasingly quantitative social and operational disclosures
- Partial adoption of basic environmental metrics in select entities
- Evidence of internal tracking and year-on-year reporting

Systemic gaps
- Weak climate measurement architecture
- Absence of climate metrics (Scope 1–3, financed emissions)
- Limited target-setting discipline (few baselines, milestones, or interim targets)
- Inconsistency in disclosures: poor standardization and comparability across entities

Key opportunities
- Opportunity to standardize metrics, improve
- comparability, and enhance credibility
- Development of climate measurement systems
- Integration of ESG into strategy and performance management by linking KPIs to capital allocation, risk management, and executive incentives

Potential threats
- Regulatory and investor pressure gap: failure to improve may lead to reduced access to capital or higher cost of capital
- Narrative-heavy disclosures without metrics present credibility and greenwashing risks
- Limited systems and expertise may slow transition to ISSB-aligned reporting

Key message: Zambia must move from qualitative ESG activity reporting to standardized, target-led and assurance-ready metrics linked to capital allocation, risk management and executive accountability.

Source: EY Insights analysis of data from company reports, sustainability standards and other public information

Data and Systems

Overview

ESG data and systems are the backbone of ISSB-ready reporting across Mining, Energy, Consumer, Banking and Infrastructure. Zambia is moving from fragmented adoption toward structured, comparable reporting, but execution gaps remain in integration, controls and assurance

Across the sectors, ESG data is available to varying degrees, but readiness is constrained less by the total absence of data and more by weak integration, inconsistent standardization, and uneven system maturity.

- In the stronger sectors, the challenge is often linking existing ESG data to business and financial systems – integration and decision-usefulness are the primary gaps, not data existence.
- In the weaker sectors, the challenge is more foundational: fragmented collection processes, limited controls, and inconsistent methodologies that prevent reliable, comparable reporting.

Cross-sector insights

Key strengths across sectors

- Existing data foundation across all sectors
- Strong ESG systems in energy & mining
- Group-level data infrastructure (consumer, banking)
- Strong operational data systems in Infrastructure

Gaps across sectors

- Weak integration into financial and decision-making systems
- Low standardization and comparability
- Major climate data gaps (Scope 3, financed/insured emissions)
- Uneven system maturity across entities
- Limited governance and assurance

- Zambia's greatest ESG reporting challenge is no longer awareness of sustainability issues, but the ability to generate reliable, auditable, decision-useful sustainability data that is connected to financial performance. While foundational operational and financial systems are generally in place, significant investment is still required to integrate ESG data into enterprise reporting, risk management, scenario analysis and assurance processes to meet IFRS S1 and IFRS S2 expectations.

The core issue is not data availability, but the inability to translate ESG data into integrated, decision-useful systems.

Source: EY Insights analysis of data from company reports, sustainability standards and other public information.

4

Market Readiness: Listed entities and financial sector regulator perspectives

Listed Entities Survey Overview

Overview: Market readiness pulse from listed entities: the response base is broader (15 responses; 75% rate) and reporting is more visible, but maturity remains uneven across governance, metrics, controls and assurance.

20	15	15	71%	78%
Eligible listed entities covered by the survey	**Questionnaire responses received**	**Usable records in the extract**	**Publish integrated or stand-alone ESG reports**	**Average strategy integration score**
Population frame	75% response rate	Across four sectors	71%; 86% with some ESG/CSR content	Converted from 4-point scale

Key trends observed

Reporting is ahead of readiness: 71% respondents publish integrated or stand-alone sustainability / ESG disclosures and 86% provide at least some ESG or CSR content, yet 50% remain at IFRS S1/S2 awareness stage. Governance foundations are stronger than documentation: 71% report formal board or senior-leadership oversight, but only 36% have formally documented sustainability responsibilities and 43% have formal data controls.

Financial integration is improving: average scores are highest for long-term strategy (80%) and overall strategy (78%), while cash-flow impacts remain lower at 65%.

Survey pattern shows stronger maturity among larger BFSI, consumer and energy respondents; infrastructure and some real-estate/forestry-linked respondents remain earlier-stage and more dependent on guidance, skills and systems.

Comparison with similar studies

Compared with regional ISSB-readiness studies, Zambia shows a familiar gap between ESG visibility and assurance-grade execution: reporting activity is rising, but data ownership, controls, financial linkage and scenario analysis remain immature.

Regulator responses reinforce this finding: the financial-sector regulators all recognize sustainability disclosure relevance, while capacity, data reliability and market readiness remain key barriers.

Compared with global ISSB expectations, the sample still under-discloses financially material effects, Scope 3 emissions, scenario analysis and assurance-grade controls.

Interpretation for Zambia sustainability reporting

The center of gravity is shifting from “whether to report” to “how to evidence, control, finance and assure sustainability performance.”

Priority actions: establish documented board / management accountability; convert ESG priorities into measurable

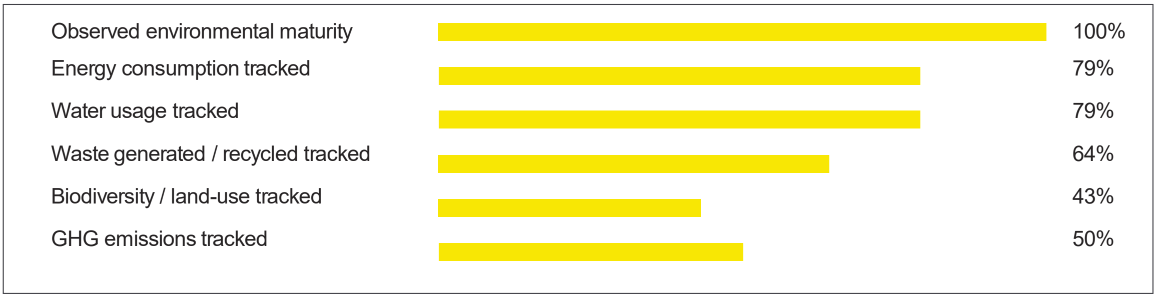
KPIs and targets; connect climate risks to ERM, cash flows and cost of capital; use the Green Finance Taxonomy to tag qualifying activities and support investor conversations.

Source: EY listed-entity sustainability questionnaire (15 responses; 75% response rate); EY regulator questionnaire; EY Insights analysis; ZICA Circular 4/2023; IFRS S1/S2 disclosure architecture.

Listed Entities Environment

Environmental practice is the most visible ESG pillar, with energy and water measurement more common than GHG accounting, biodiversity data and climate scenario analysis.

Observed environmental maturity



Environmental topics are widely recognized: all 15 respondents identify climate and energy as important. Measurement is strongest for energy and water (79% each), while GHG emissions are tracked by 50% and biodiversity / land-use indicators by 43%, reinforcing the need for common baselines and controls.

Climate risk and scenario analysis

Climate assessment status	Share of sample	Implication
No assessment conducted	21%	21% have not assessed physical or transition exposures
High-level or informal	43%	43% acknowledge risks but need finance-linked methods
Physical & transition risks assessed	29%	29% have stronger IFRS S2 starting points
Planned but incomplete	7%	7% is still completing the assessment

Key trends and comparisons

Positive trend: respondents report renewable/cleaner energy (71%), energy-efficiency initiatives (64%), climate awareness training (64%), emissions-reduction initiatives (50%) and tree planting / biodiversity projects (50%). Gap: targets are fragmented—43% have no formal climate targets, while others focus on emissions, energy efficiency or renewable energy. GHG disclosure remains narrow: respondents measure Scope 1 or Scope 2 only; no respondent reports Scope 3, which remains a major variance from IFRS S2 expectations.

Interpretation: environmental disclosure is activity-rich but assurance-light; the next maturity step is baseline-setting, Scope 1-3 methods, climate scenarios and linking climate risks to cash flows and capital allocation.

Source: EY listed-entity sustainability questionnaire (15 responses; 75% rate); EY Insights analysis; IFRS S2; EY Zambia report sections on Metrics & Targets / Data & Systems.

Listed Entities Social

Social topics are prominent across the 15 listed respondents, but disclosures still lean toward activity indicators rather than outcome, workforce quality and community-impact measurement.

Material social topics selected

Health and safety is universal across the sample, while human capital, community support and responsible sourcing are common. Data protection / digital inclusion is present in 57% responses, mainly in sectors with customer, financial or digital-touchpoint exposure.

What is measured or disclosed?

Metric / disclosure	Observed level	Trend interpretation
Community investment or donations	71%	Visible but often input-based
Staff training & development	79%	Stronger workforce-data base
Wellbeing initiatives	79%	Common but not always outcome-based
Health & safety performance	79%	Material and increasingly metricized
Gender diversity / inclusion	71%	Needs decision-useful DEI insight
No social indicators measured	14%	Early-stage respondents

Key trends and comparisons

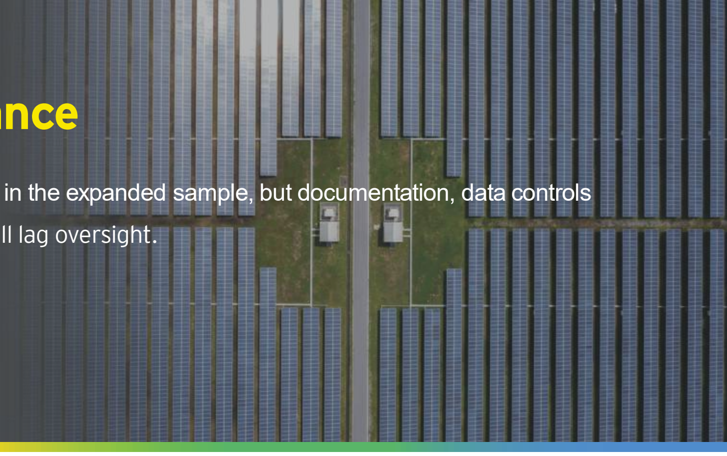
The survey confirms the “activity-to-outcome” gap seen in similar sustainability-reporting studies: companies can identify social priorities but often disclose programs, donations and training counts before outcome KPIs such as incident rates, retention, pay equity, supplier standards, beneficiary outcomes or human-rights due diligence. BFSI, consumer/manufacturing and energy respondents show broader social measurement; real-estate/forestry pockets show the clearest gaps. Under IFRS S1, social metrics should be disclosed where material to enterprise value, so social data needs the same control discipline as financial data.

Interpretation: Zambia’s next step is to convert CSR visibility into outcome-based, comparable and assured social indicators that support investor and regulator confidence.

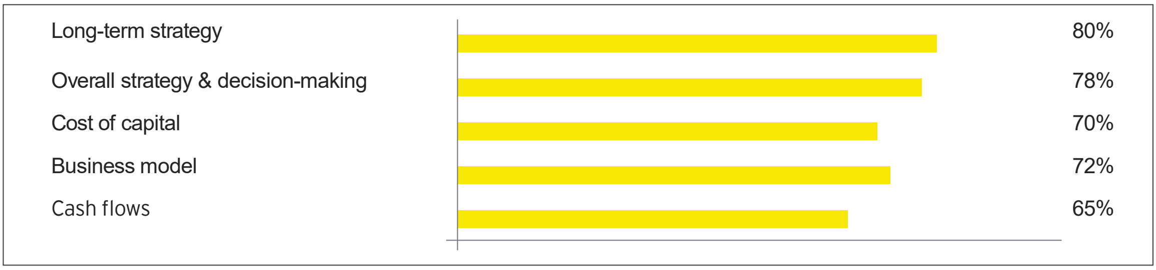
Source: EY listed-entity sustainability questionnaire (15 responses; 75% rate); EY Insights analysis; IFRS S2; EY Zambia report sections on Metrics & Targets / Data & Systems

Listed Entities Governance

Overview: Governance structures are more visible in the expanded sample, but documentation, data controls and finance-linked decision-useful information still lag oversight.



Material governance topics selected



The scorecard shows stronger consideration of long-term strategy and overall decision-making than cash-flow impacts. This matches the report's finding that Zambian entities show growing awareness but still need to quantify financial effects of sustainability risks and opportunities.

Standardized scorecard: Governance maturity

Governance feature	Survey result	Readiness signal
Board / senior-leadership oversight	71% formal; three informal; one none	Formal oversight now common
Dedicated ESG / sustainability committee	29%	Advanced but not yet common
Responsibility formally documented	36% formal; five partial	Charter gap remains
Sustainability in ERM	43% fully integrated	ERM integration improving
Data controls similar to financial info	43% formal; five partial; two none	Assurance maturity lagging

Readiness and comparison lens

Readiness is improving but still transitional in the 15-response sample: 36% say IFRS S1 & S2 implementation is already in progress, 14% have completed a gap analysis and 50% remain at awareness stage. This is consistent with Zambia's mandatory adoption path and regulator feedback that data quality, technical skills, market readiness and assurance credibility are the main barriers between regulation and practice. Governance therefore needs to move beyond oversight to documented accountabilities, control owners, board reporting packs and assurance plans.

Interpretation: governance is progressing, but formal documentation, financial linkage and controls must catch up before mandatory reporting becomes assurance-ready.

Source: EY listed-entity sustainability questionnaire (15 responses; 75% rate); EY regulator questionnaire; EY Insights analysis; ZICA Circular 4/2023; IFRS S1/S2 disclosure architecture

Regulator Survey Overview

Four regulators responded, showing full market-supervisory engagement; approaches range from formal disclosure requirements to active policy, listing-rule and prudential-framework development.

4	100%	100%	50%	75%
Regulator entities covered by the survey	**Responses obtained from regulator sample**	**Recognize sustainability relevance**	**Support phased ISSB aligned disclosures**	**Cite capacity or data constraints**
Regulator sample	100% entities	stability, investors and policyholders	capital-market regulator signal	implementation barrier

Key trends observed

Regulator response is complete: the four regulators provided responses, representing 100% of the regulator sample. The regulatory landscape is moving from awareness to rule-building: regulators are moving across disclosure rules, prudential supervision, listing-rule reforms and pensions and insurance ESG guidance.

ISSB alignment is expected to be phased: capital-market regulators favor large or high-impact issuers first, while prudential and pensions / insurance regulators acknowledge ISSB/ESG frameworks but have not yet applied them in detail.

Implementation constraints are concentrated in capacity, data reliability and market readiness, with 75% regulators citing technical skills or data limitations.

Comparison with similar studies

Compared with the updated 75%-response listed-entity sample, regulators show stronger recognition but similar execution gaps: data quality, technical expertise, assurance credibility and weak linkage to financial performance. The pattern mirrors other ISSB transition markets where regulators begin with guidance, capacity building and phased assurance before full mandatory enforcement.

The distinctive Zambia signal is multi-regulator convergence: prudential, securities, exchange and pensions/insurance authorities are all engaging the sustainability agenda.

Interpretation for Zambia sustainability reporting

The center of gravity is shifting from voluntary ESG disclosure to supervised, phased and decision-useful sustainability reporting.

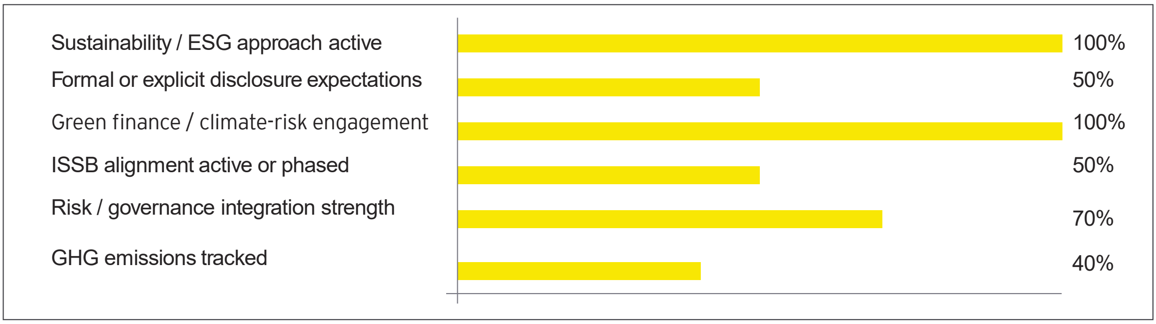
Priority actions: align regulator guidance across the financial-sector regulators; issue practical disclosure templates; build preparer capacity; pilot phased ISSB-aligned reporting for large/high-impact issuers; strengthen data reliability and assurance pathways.

Source: EY regulator sustainability questionnaire (100% responses: the four financial-sector regulators); EY Insights analysis; IFRS S1/S2 disclosure architecture; EY listed-entity update (15 responses; 75% rate).

Regulator Environment

Overview: Climate and green-finance issues are now on the regulator agenda, but implementation maturity varies across disclosure requirements, framework development and supervisory tools.

Standardized scorecard: Regulatory climate and ESG maturity



Regulator responses show sustainability is now on the supervisory agenda: regulators are advancing disclosure requirements, prudential climate-risk supervision, listing-rule reforms and pensions / insurance ESG guidance. The maturity gap is now implementation, not recognition.

Climate risk and green-finance framework status

Regulatory climate / ESG status	Share of sample	Implication
Embedded / formal requirements	50%	Prudential and securities-disclosure requirements provide the clearest regulatory anchors
Under rule / framework development	50%	Listing-rule reforms and pensions / insurance ESG guidance are active workstreams
Phased ISSB-aligned approach	50%	Large or high-impact issuers likely to move first
Acknowledged but not applied	50%	Prudential and pensions / insurance regulators need implementation tools, data and capacity support

Key trends and comparisons

Green finance and climate-risk frameworks are present across all respondents, but application maturity varies. prudential and pensions / insurance regulators acknowledge ISSB/ESG frameworks but have not applied them in detail; capital-market regulators prefer a phased ISSB-aligned approach for large or high-impact entities. Quantitative supervisory scores show a split: capital-market regulators rate disclosure governance and risk expectations strong, while prudential and pensions / insurance regulators show earlier-stage integration in stress testing, investment decision-making and risk management.

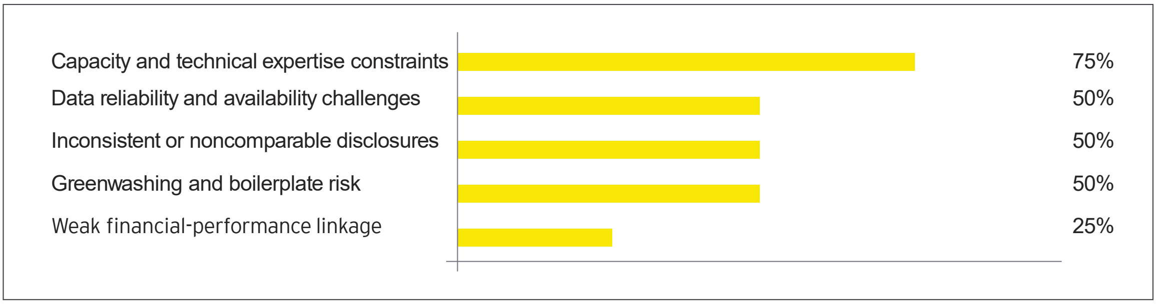
Interpretation: regulators are converging around guidance, capacity building and phased requirements; issuers in the 75%-response listed sample should prepare evidence-backed ESG data before expectations become formal.

Source: EY regulator sustainability questionnaire (100% responses: the four financial-sector regulators); EY Insights analysis; IFRS S1/S2 disclosure architecture; EY listed-entity update (15 responses; 75% rate).

Regulator Social & Governance

Overview: Governance and disclosure quality are the regulator credibility gap; expectations are forming, but preparer capacity, reliable data and assurance disciplines are not yet mature.

Key regulatory risks and constraints



Regulators consistently frame governance and disclosure quality as the credibility gap: expectations are forming, but preparer capacity, reliable data and assurance disciplines are not yet mature.

What regulators identify as the next maturity step

Governance / disclosure issue	Observed level	Regulatory signal
Capacity and technical skills constraints	75%	Market education and preparer support needed
Data quality and reliability gaps	50%	Limits assurance-ready sustainability reporting
Inconsistent or generic disclosures	50%	Comparability is an enforcement and credibility risk
Greenwashing and assurance credibility	50%	Capital-market regulators signal stronger disclosure discipline
ESG in investment and risk management	The pensions and insurance regulator early-stage	Pensions and insurance integration still limited
Coordination and stakeholder alignment	The prudential regulator priority	Cross-regulator consistency needed

Key trends and comparisons

The common priority is capability building. the listing authority is revising listing rules and the corporate governance code to incorporate sustainability and integrated reporting; the securities regulator is focused on guidance, market education and enforcement; the pensions and insurance regulator is building industry awareness; and the prudential regulator prioritizes green-finance instruments and coordination. The dominant risks are inconsistent disclosures, boilerplate narratives, greenwashing and weak linkage between sustainability and financial performance.

Interpretation: mandatory adoption will need a regulator–issuer readiness program across the 75%-response listed sample: guidance, templates, training, data controls and phased assurance expectations.

Source: EY regulator sustainability questionnaire (100% responses: the four financial-sector regulators); EY Insights analysis; IFRS S1/S2 disclosure architecture; EY listed-entity update (15 responses; 75% rate).

5

Benchmarking Zambia against Africa and global peers

Sector Benchmarking

Driven by rising investor expectations and increased regulatory support, companies in Zambia are actively strengthening their sustainability ambitions, aiming to align with leading global best practices.

The 20 eligible entities listed on the local securities exchange are categorized into four sectors based on their operational and commercial characteristics for a comprehensive assessment of sustainability progress. Also, a set of 51 African and global peer companies across all sectors, have been considered for a regional comparison. These sectors include:

Consumer: Consumer staples and discretionary, breweries, forest products

Banking, Financial Services and Insurance (BFSI): Banks, investment and insurance companies

Energy: Metals and mining, power, integrated energy supply, fuel and lubricants

Infrastructure: Telecommunications services, materials, hotels, real estate management

Below are some parameters against which performances by Zambian, African and global companies are measured:

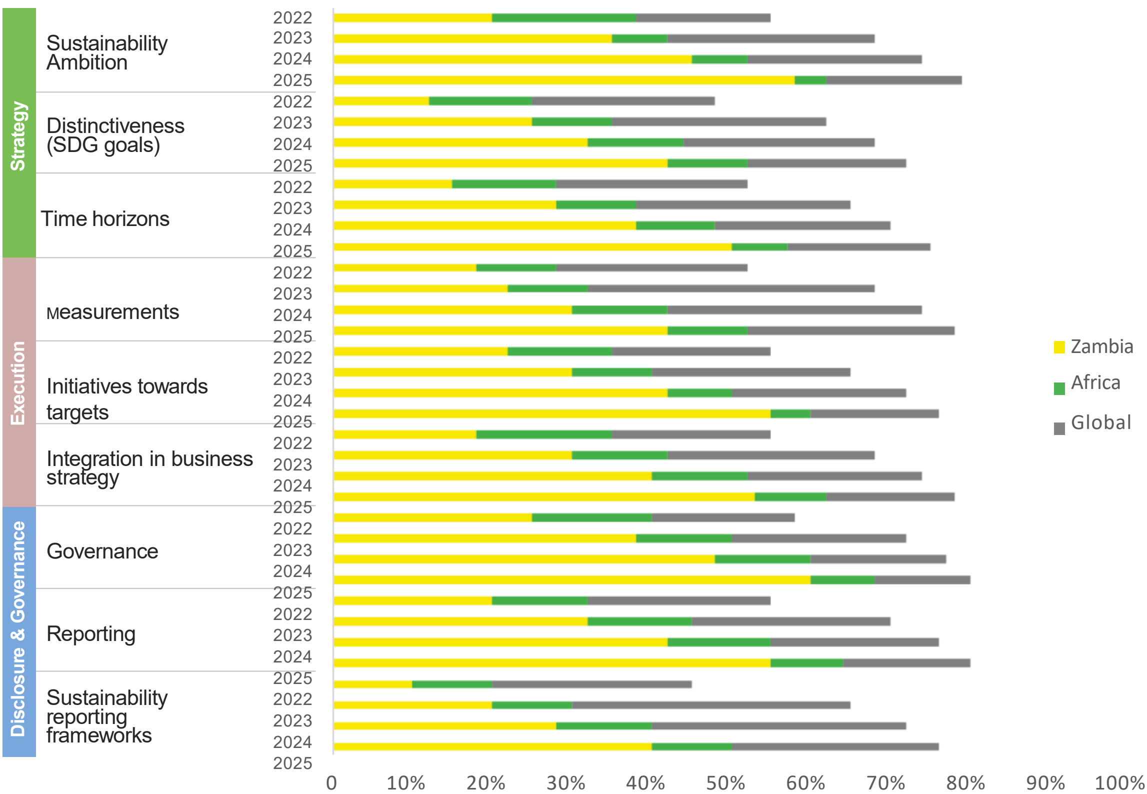
Category	Parameter	Description
Strategy	Sustainability Ambition	The level of commitment a company has to integrating sustainability into its overall vision and priorities.
Strategy	Distinctiveness (SDG goals)	How clearly a company aligns its strategy with specific and relevant Sustainable Development Goals.
Strategy	Time horizons	The extent to which sustainability objectives are planned across short-, medium-, and long-term periods.
Execution	Measurements	The use of clear metrics and indicators to track sustainability performance and progress.
Execution	Initiatives toward targets	The concrete actions and programs implemented to achieve stated sustainability targets.
Execution	Integration in business strategy	How well sustainability considerations are embedded into core business decisions and operations.
Disclosure & Governance	Governance	The structures, roles, and oversight mechanisms guiding sustainability accountability and decision-making.
Disclosure & Governance	Reporting	The quality and transparency of disclosed information on sustainability performance and outcomes.
Disclosure & Governance	Sustainability reporting frameworks	The use of recognized standards or frameworks to guide consistent and comparable sustainability reporting.

Note:
The analysis for all sectors is based on the latest information reported in the public domain. For subsidiary companies with global corporate ownership, information reported by the parent companies has been considered for analysis.
Source: EY Insights analysis of data from company reports, press release and articles.

Banking, Financial Services and Insurance

Overview: BFSI sits at the intersection of capital and climate. Banks, insurers and capital-market participants transmit, amplify or mitigate ESG risks across the real economy, making the sector a powerful lever for sustainable transformation. Key sustainability drivers include mandatory disclosure, investor pressure, climate and credit risk, financed emissions, green-finance growth and reputational scrutiny.

Sustainability progress mapping of global, African and Zambian BFSI sector



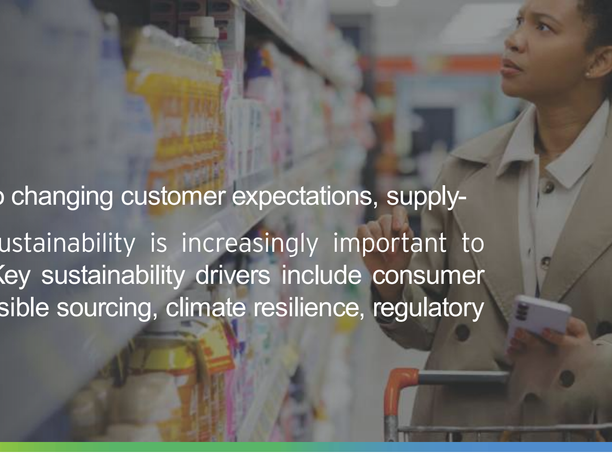
Note:
The stacked progress bars for Zambia, Africa and Global regions are overlapping, and the values for both should be read from base of the bars
In case of limited or no progress, the length of the bar remains constant over the years
The analysis is based on the latest information reported in the public domain

Insights on sustainability performance of Zambian BFSI sector

1. **Key strength**
   - Governance structures and regulatory compliance are relatively strong, supported by board oversight, assurance practices and established risk frameworks.
2. **Critical gap**
   - Climate and financed/insured-emissions disclosure remains limited because portfolio-level ESG data and methods are still developing.
3. **Strategic opportunity**
   - Expand sustainable finance and green-investment products to drive revenue growth, capital access and market differentiation.

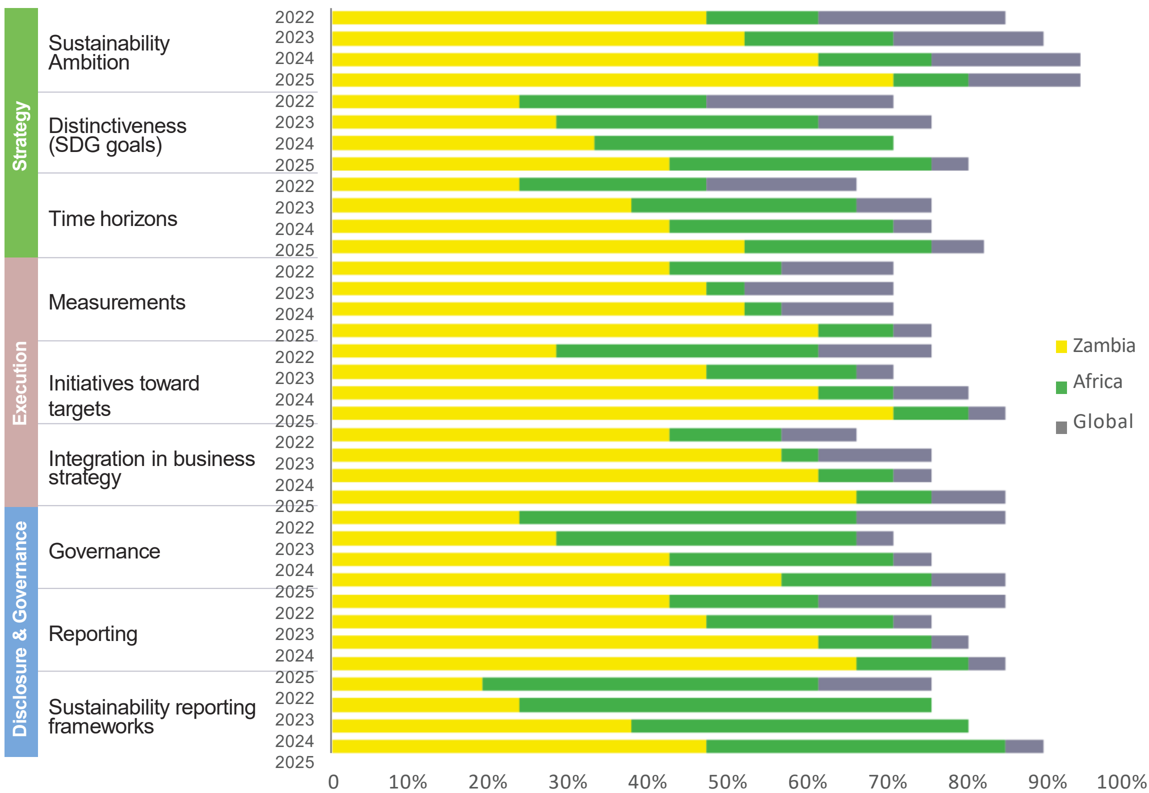
Source: EY Insights analysis of data from company reports and other public information.

Consumer



Overview: Consumer companies are directly exposed to changing customer expectations, supply-chain scrutiny and resource-efficiency pressures. Sustainability is increasingly important to brand trust, resilience and long-term value creation. Key sustainability drivers include consumer trust, packaging and waste, Scope 3 emissions, responsible sourcing, climate resilience, regulatory expectations and access to green finance.

Sustainability progress mapping of Global, African and Zambian Consumer sector



Note:
The stacked progress bars for Zambia, Africa and Global regions are overlapping, and the values for both should be read from base of the barsIn case of limited or no progress, the length of the bar remains constant over the years
The analysis is based on the latest information reported in the public domain

Insights on sustainability performance of consumer sector

1. **Key strength**
   - Some disclosures align with IFRS S2 and GRI, including an SBTi-validated target for a 36% GHG reduction by 2030.
2. **Critical gap**
   - Scope 3 emissions, climate scenarios and net-zero commitments are not yet consistently disclosed across the sector.
3. **Strategic opportunity**
   - Use ESG integration to reduce cost of capital, avoid regulatory penalties and strengthen customer and investor confidence.

Source: EY Insights analysis of data from company reports and other public information.

Energy and Mining Sector

Overview: Energy and mining are central to Zambia's environmental footprint, energy security, export earnings and community impact. The sector is strategically important because its transition choices shape national resilience and investor confidence. Key sustainability drivers include decarbonization, renewable expansion, physical climate risk, license-to-operate expectations, mine rehabilitation, water stewardship, community impact and ISSB-aligned disclosure.

Sustainability progress mapping of Global, African and Zambian Mining and Energy sector

Note:
The stacked progress bars for Zambia, Africa and Global regions are overlapping, and the values for both should be read from base of the bars In case of limited or no progress, the length of the bar remains constant over the years
The analysis is based on the latest information reported in the public domain

Insights on sustainability performance of Zambian mining and energy sector

1. **Key strength**
   - Renewable expansion, rehabilitation provisions, community investment and improving policy frameworks provide a strong operational foundation.

2. **Critical gap**
   - Scope 1–3 emissions, outcome-based social KPIs, scenario analysis and ESG-linked incentives remain underdeveloped.

3. **Strategic opportunity**
   - Use ESG data to prioritize decarbonization investments, lower operating costs and unlock climate-linked financing.

Source: EY Insights analysis of data from company reports and other public information.

Infrastructure Sector

Overview: Infrastructure determines the resilience, connectivity and efficiency of the economy. It can reduce emissions and expand access, but weak controls can create pollution, labor and governance risks. Key sustainability drivers include climate-resilient assets, environmental compliance, ZEMA expectations, donor and investor requirements, energy reliability, floods and drought exposure, and low-carbon digital infrastructure.

Sustainability progress mapping of Global, African and Zambian Infrastructure sector

Note:
The stacked progress bars for Zambia, Africa and Global regions are overlapping, and the values for both should be read from base of the bars
In case of limited or no progress, the length of the bar remains constant over the years
The analysis is based on the latest information reported in the public domain

Insights on sustainability performance of Zambian Infrastructure Sector

1. **Key strength**
   - Renewable-energy initiatives and social-impact activity are visible, including solar deployment and community support.

2. **Critical gap**
   - Emissions quantification, net-zero targets, outcome-based social KPIs and board-level climate accountability remain limited.

3. **Strategic opportunity**
   - Use green finance and digital sustainability leadership to build resilient, low-carbon infrastructure and attract investor interest.

Source: EY Insights analysis of data from company reports and other public information.

6

Global sustainability reporting landscape

Sustainability Frameworks and Standards

The convergence of sustainability disclosure standards, exemplified by the launch of ISSB and European Sustainability Reporting Standards, will improve the reliability and comparability of ESG data

See the table below showing a comparison of major sustainability frameworks and standards:

Framework	Global Reporting initiative	European Sustainability Reporting Standards	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	Sustainability Accounting Standards
Developed by/Regulatory body	Global Sustainability Standards Board (GSSB)	European Financial Reporting Advisory Group (EFRAG)	International Sustainability Standards Board (ISSB)	Sustainability Accounting Standards Board (SASB)
Audience	Wider set of stakeholders	Wider set of stakeholders	Investors, lenders and creditors	Investors
Disclosures	Impact materiality	Double materiality financial and impact)	Single materiality (financial)	Financially material
Location of disclosures	Standalone sustainability report, webpages, annual report	Management report	General financial eports	Forms 10-K, 20-F, and 40-F
Sector focus	Sector program focused at 40-45 high impact sectors	Sector-specific ESRS expected in Jun-24 delayed by two years	Climate standard includes industry-specific disclosures; Companies will need to consider SASB Standards for other topics	Sustainable Industry Classification System (SICS) groups firms based on sustainability risk profiles; 77 industry specific standards
Application	Voluntary	Large companies and listed companies	Based on national adoption	Voluntary
Materiality definition	Information deemed relevant to users and influential in decision-making of stakeholders	Information about impacts on people or environment and risks and opportunities related to sustainability matters	Information deemed to reasonably influence the user's decision-making if omitted, misstated or obscured.	Information disclosed in public domain post appropriate materiality assessments that impacts investor's decision-making

Source: EY Insights analysis of public information.

ISSB Adoption

Understanding International Sustainability Standards Board (ISSB) adoption requires an understanding of what shapes it. ISSB consolidates and builds upon prior frameworks and initiatives, particularly TCFD* and GRI*, to deliver a globally consistent, investor-focused sustainability reporting baseline. The annual Conference Of Parties (COP) defines global climate policy, targets, and transition pathways, while the ISSB translates these policy ambitions into standardized corporate disclosures. COP 28 formally announced the introduction of ISSB. Take a look into the link between COP30 updates and commitments and sustainability disclosure requirements to gain a deeper understanding of what ISSB adoption means today.

Regulatory overview of ISSB sustainability reporting standards

COP 30 discussion points

- COP30 focused on accelerating implementation of the Paris Agreement (net-zero transitions) through climate finance, adaptation tracking, just transition frameworks (fair transition away from fossil fuels, supporting developing economies), and scaling climate finance for developing countries' adaptation and transition efforts while reaffirming global climate ambition.
- COP30 is framed as a "delivery-focused" COP*, moving from pledges to implementation.

The link between COP and ISSB

COP
Defines climate goals (e.g, net-zero pathways & transition to low-carbon economy), finance needs, adaptation priorities
Outcomes require:
- Monitoring and accountability
- Reliable and comparable data

ISSB
Requires companies to disclose how those global risks and expectations affect financial performance and strategy. Gives:
- Single global disclosure baseline
- Standardized metrics (e.g, GHG emissions, targets)

- COP establishes "what must be achieved" at a global level, while the ISSB provides the mechanisms for "how progress is measured and reported" within financial markets.
- For every COP determined target, ISSB requires companies to disclose how they align with the latest international agreement on climate change.

Global ISSB Adoption Pillars

1 Regulatory Incorporation:
Best practice regulatory incorporation looks like:
- Formal regulatory announcement
- Implementation guidelines issued
- Defined scope of entities the regulation applies to (e.g. listed companies, banks)

2 Phased Roll-Out & Clear Timelines:
ISSB adoption phased by entity size:

Phase	Entities
Phase 1	Large listed entities & financial institutions
Phase 2	Mid-sized listed entities
Phase 3	Broader corporate sector

3 IFRS S1&S2 Technical Compliance:
Embedding IFRS S1&S2 in governance, strategy and risk management:
- Build/ upgrade data infrastructure
- Build/ enhance technical capability of finance + ESG specialists
- Integration into Financial Statements

Source: EY Insights analysis of data from IFRS and other public information
Note: *COP – Conference of Parties, TCFD - Task Force on Climate-related Financial Disclosures, GRI - Global Reporting Initiative.

ISSB Adoption

Global sustainability reporting is moving toward a single investor focused baseline that links sustainability to financial performance .The ISSB was established to consolidate existing frameworks into consistent comparable and decision useful disclosures

The ISSB converts the global climate agreement into standardized corporate reporting requirement requiring companies to disclose the financial impact of the sustainability risks and opportunities . This establishes a direct link between global policy and company reporting driving the shift from narrative disclosures to audit ready financially integrated information.

Global adoption progress

- Sustainability reporting has moved to investor-focused ,financially linked disclosures under the ISSB Baseline

Focusing on decision useful auditable information not narrative reporting

Requiring direct linkage to financial performance and enterprise value

Zambia's progress

- Zambia has formally adopted the standards through by ZICA with mandatory application from 1 January 2026
- The jurisdiction is classified as a full adoption environment but implementation across listed entities remains uneven
- Most listed entities report sustainability matters, but disclosures are not yet fully aligned to technical requirement or financially integrated.

Zambia ISSB gap vs global

Limited financial linkage – not quantified sustainability in financial terms

Weak data and metrics - gaps in emissions and scenario analysis

Poor integration - not embedded in risk ,strategy and governance

Strategy to bridge the gap

To bridge the gap, companies must implement the International Sustainability Standards Board requirements by embedding sustainability-related risks and opportunities and climate related risks and opportunities into governance, strategy, risk management and financial reporting under IFRS S1 and IFRS S2. This requires quantifying financial impacts, strengthening data systems and controls, and ensuring disclosures are directly linked to financial statements and enterprise value, supported by clear board oversight and accountability.

Source: EY Insights analysis of data from IFRS and other public information.

Note: *COP – Conference of Parties, TCFD - Task Force on Climate-related Financial Disclosures, GRI - Global Reporting Initiative.

ISSB Adoption by Jurisdiction

Zambia's sustainability journey is recognized on the global stage as one of the nations legally adopting ISSB standards and strengthening their commitment to the global sustainability agenda.

The map below shows the extent of ISSB sustainability standards adoption globally.
The range is from those not yet adopted (No formal ISSB decision and no IFRS foundation publication yet) to those adopted (Sustainability reporting is finalized and no longer subject to consultation)

Extent of ISSB sustainability standards adoption

Chile

Chile mandated IFRS S1 and IFRS S2 for listed companies and CMF-regulated public interest entities from reporting periods beginning in 2026 (reported in 2027), while nonpublic entities are encouraged to apply the standards voluntarily.

Jordan

Tanzania adopted the standards for listed companies with the an effective date of January 2025 and early adoption encouraged.

Qatar

Brazil's securities regulator, Comissão de Valores Mobiliários (CVM) adopted standards as of January 2024, with plans for mandatory reporting starting from January 2026.

Zambia

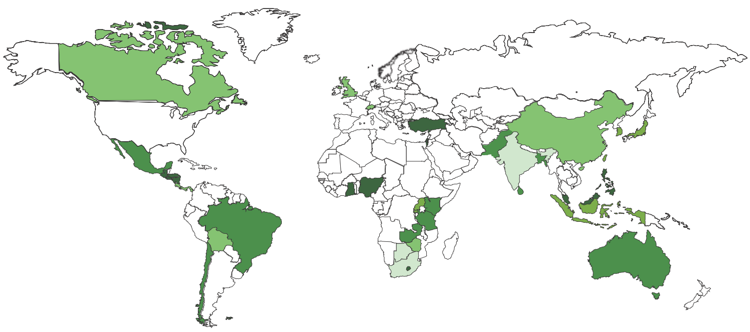
Zambia adopted the standards in 2024, making them mandatory for listed companies from January 2024, with reporting beginning in January 2026. For other companies, adoption is voluntary.

Pakistan

Pakistan adopted IFRS S1 and IFRS S2 through a phased mandatory approach from 1 July 2025 for large listed companies, expanding to all listed companies and SECP-regulated public interest entities by 1 July 2027, while early adoption is permitted and encouraged.

Rwanda

Rwanda adopted a phased ISSB implementation roadmap from 2025, requiring listed companies, financial institutions and other IFRS-reporting entities to begin mandatory reporting from 1 January 2025, with remaining entities phased in through 2029.



Adopted Plans to adopt Other jurisdictions with related disclosure standards

South Africa

In August 2024, South African's Reserve Bank the Prudential Authority suggested climate related disclosures for banks and insurers, aligning with the TCFD and the ISSB standards.

India

The Reserve Bank of India released a draft framework for banks based on ISSB standards, set to be implemented in a phased approach starting from the fiscal year 2025-26.

Botswana

In August 2024, The Botswana Stock Exchange recommended sustainability reporting for listed companies based on the GRI, European standards' and the ISSB's IFRS S1.

Kyrgyzstan

In August 2024, South African's Reserve Bank the Prudential Authority suggested climate related disclosures for banks and insurers, aligning with the TCFD and the ISSB standards.

People's Republic of China

China introduced ISSB-aligned sustainability disclosure standards in 2025, with voluntary application for listed and other companies while implementation requirements are being developed and broader adoption is expected to expand gradually through 2030.

Uganda

In 2025, Uganda proposed the adoption of IFRS S1 and IFRS S2, with voluntary reporting in 2026 and phased mandatory reporting from 1 January 2028 for listed companies, financial institutions, insurers and other public interest entities, expanding to SMEs by 2030.

Note: The information on this page is based on publicly available information about a jurisdiction's current intentions and legal requirements as of March 2026.

Source: EY Insights analysis of data from S&P Global, Canada Climate Law Initiative, United Nations Conference on Trade and Development (UNCTAD), CDP Worldwide, Fisher & Phillips, TEMPLARS Law, National Board of Accountants and Auditors (NBAA) Tanzania, Corporate Disclosures, ZICA, Nossa Data and other public information.

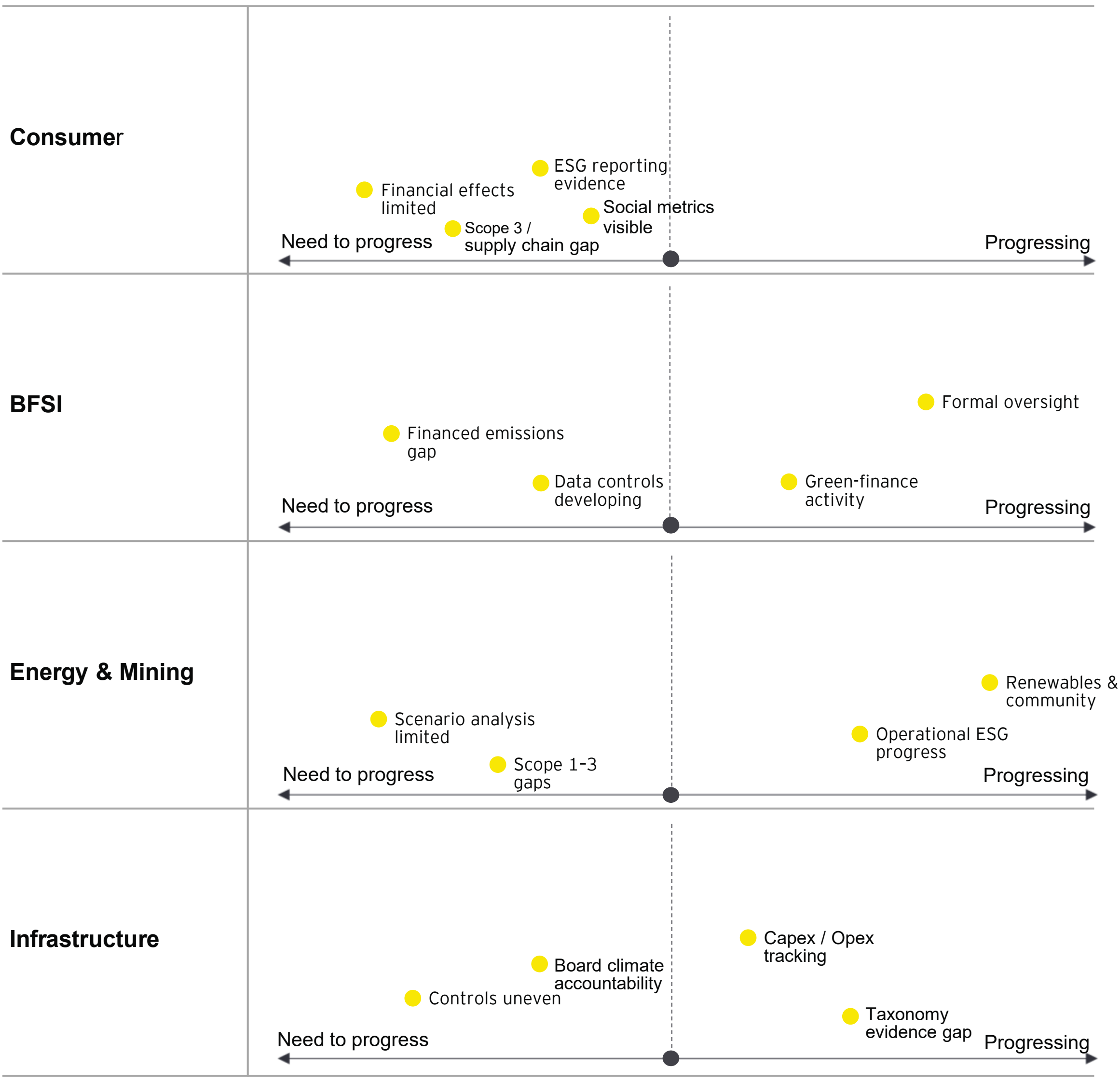
7

Readiness analysis

Primary, regulator and secondary analysis show readiness is uneven: ESG activity is visible, but climate data, financial linkage and assurance remain weak.

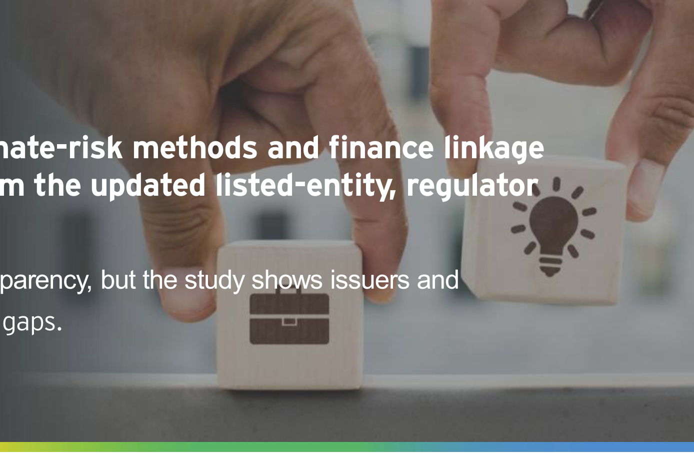
Mapping ISSB-readiness signals across sectors, listed-entities evidence, public-report evidence and regulator responses.

Mapping the readiness for ISSB adoption across Zambian sectors



Note:
The analysis is based on 15 listed-entity responses (75%), public information, sector benchmark review and regulator responses. Marker placement shows relative availability and maturity of evidence on each ISSB-readiness parameter; it is directional and not to scale. Evidence was assessed for governance, strategy, risk, metrics, controls, climate, green finance and taxonomy readiness.

Source: EY Insights analysis of listed-company public reports, 15 listed-entity responses (75% rate) and regulator responses, sector benchmark review and IFRS S1/S2 disclosure architecture.



Data controls, technical capacity, climate-risk methods and finance linkage are the main challenges emerging from the updated listed-entity, regulator and secondary analysis

Adoption of ISSB standards will strengthen transparency, but the study shows issuers and regulators must first close execution-readiness gaps.

Key ISSB challenges

Data quality and controls

Primary: 43% listed respondents have formal sustainability-data controls, 36% have partial controls and 14% have none. Regulators also flag data reliability / availability as a barrier to credible disclosure.

Technical expertise and capacity

Limited internal skills are the top listed-entity challenge (36%), while capital-market and insurance-sector regulators also cite capacity and technical-skills constraints.

Financial-impact linkage

Listed-entity cash-flow impact scores 65% and cost of capital 70%; the securities regulator flags weak linkage between sustainability and financial performance.

Climate-risk assessment

21% have no climate assessment and 43% are high-level only; only 7% has undertaken multi-scenario analysis, while regulator climate-risk tools remain early-stage.

Taxonomy and green-finance evidence

64% track sustainable capex / opex and 36% tag projects using green criteria; taxonomy eligibility, DNSH/MSS evidence and project-tagging trails need standardization.

Assurance readiness and consistency

Regulators flag inconsistent and noncomparable disclosures; the securities regulator also highlights greenwashing, boilerplate reporting and lack of assurance / credibility.

Source: EY listed-entity questionnaire (15 responses; 75% rate) and regulator questionnaires; listed-company public-report benchmarking; IFRS S1/S2; EY Insights Analysis.

8

Roadmap to mandatory sustainability reporting

Road to Mandatory Adoption | Next Steps for Zambia

From expanded survey evidence to coordinated mandatory adoption.

The updated 15-response listed-entity sample shows better ESG visibility, but mandatory adoption now requires documented governance, controlled data, financial linkage and assurance.

75%	71%	100%	36%
Listed response rate	Integrated / stand-alone ESG reports	Regulator response	IFRS S1/S2 in progress

Mandatory adoption roadmap

1. **Governance** board mandate ESG owners
2. **Data** controls evidence trails
3. **Cash flows capex / opex** climate risks cash flows
4. **Review plan investor reporting** phased review investor reporting

Priority actions before mandatory reporting

Document board and management ESG accountability before the mandatory cycle.

Embed IFRS S1/S2 pillars into annual reporting and board packs.

Build controlled data baselines for climate, social, governance and Taxonomy indicators.

Prepare phased assurance and regulator-ready evidence trails.

Updated evidence: 75% response rate; 71% have formal oversight, but only 36% have formal governance documentation and 43% have formal controls.

Source: EY listed-entity questionnaire (15 responses; 75% rate) and regulator questionnaires; IFRS S1/S2; EY Insights analysis.

Road to Mandatory Adoption | Keys to Success

Close readiness gaps with capability, systems and assurance discipline

Four success levers convert ESG activity into decision-useful IFRS S1/S2 disclosure.

Study evidence: readiness gaps to close (15 responses; 75% rate)

Governance	71% oversight	36% formal charters
Controls	43% formal controls	14% no controls
Financial effects	cash flows 65%	cost of capital 70%
Capability gaps	skills 36%	data + systems 43%

Success model mapped to IFRS S1/S2 pillars

Governance	Strategy	Risk management	Metrics & targets
Board oversight management roles	Scenario lens financial impacts	ERM integration controls	Baseline assurance trail

Brief international practice comparison

EU / South Africa Taxonomy tags revenue, capex and opex.

JSE / NGX Guidance aligns governance with TCFD / ISSB.

Leading issuers build assurance-ready data before required.

IFRS implication: controls must connect governance, strategy, risk management, metrics and targets into one reporting system.

Source: EY questionnaire results (15 listed responses; 75% rate); IFRS S1/S2 disclosure pillars; IFC/JSE/NGX/South Africa taxonomy practice; EY Insights analysis.

Road to Mandatory Adoption | Questions for C-Suite

Executive decision gates before the first mandatory reporting cycle

Use these questions to turn the updated 75%-response listed-entity and regulator evidence into board decisions, capital allocation and assurance readiness.

● C-suite adoption checklist

Governance

Who owns ESG at board and management level, and is it documented?

36% formal charters

Strategy & finance

Which risks affect cash flows, business model and cost of capital?

cash flows 65%

Data & controls

Can we evidence climate, social, taxonomy and disclosure metrics?

43% formal controls

Targets & assurance

Which targets and disclosures will investors and regulators trust?

36% IFRS in progress

● Mandatory adoption gates

1 **Board sign-off**

2 **Data controls**

3 **Financial effects**

4 **Assurance plan**

IFRS S1 requires decision-useful sustainability information; IFRS S2 adds climate-specific governance, strategy, risk management, metrics and targets. The updated 75%-response sample shows momentum, but documentation, data controls and financial linkage need acceleration.

Source: EY questionnaire results (15 listed responses; 75% rate); IFRS S1/S2 disclosure pillars; IFC/JSE/NGX/South Africa taxonomy practice; EY Insights analysis.

9 Conclusion

Conclusion | Readiness for mandatory sustainability reporting in Zambia

Progress is visible, but execution discipline will determine whether mandatory sustainability reporting becomes a catalyst for stronger governance, better capital allocation, investor confidence and long-term resilience.

- **Market progress**

  Zambia has moved beyond asking whether sustainability matters. Listed entities recognize climate, energy security, social impact and governance quality as enterprise-value issues; 71% publish integrated or stand-alone ESG reports and most have board or senior-leadership oversight.

- **Readiness gaps**

  Implementation remains uneven: many entities are still at IFRS S1/S2 awareness stage, formal responsibilities and data controls are incomplete, and GHG, Scope 3, biodiversity, scenario analysis and financial-effect quantification require stronger capability.

- **Board and executive committee action**

  Boards should own the ISSB roadmap, oversight and accountability. Executive committees should convert intent into funded roadmaps, metric owners, controlled data processes, baselines and assurance-ready evidence.

- **Regulator action**

  Regulators can accelerate readiness through coordinated, phased guidance, IFRS S1/S2 templates, taxonomy tagging guidance, capacity building, proportionate assurance expectations and pilot reporting for large or high-impact issuers.

- **Outcome**

  If action is taken now, mandatory reporting can strengthen governance, improve capital allocation, build trusted disclosure and enhance Zambia's long-term resilience.

Source: EY listed-entity questionnaire (15 responses; 75% rate), regulator questionnaire responses and EY Insights analysis.

Conclusion | Readiness for Mandatory Sustainability Reporting in Zambia

Mandatory reporting requires governance leadership, operating discipline and coordinated supervision.

The next phase depends on converting awareness into assurance-ready reporting that supports investor confidence, capital allocation and resilience.

Sustainability data must now move beyond spreadsheets, program narratives and fragmented ownership into controlled reporting processes that are embedded across finance, risk, operations and technology.

For climate reporting, this means establishing reliable Scope 1 and Scope 2 baselines, developing Scope 3 and financed-emissions methodologies where relevant, applying scenario analysis, and linking transition and physical risks to revenue, costs, assets, cash flows and access to capital.

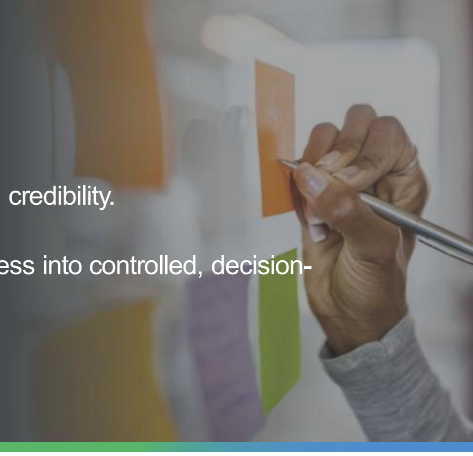
Regulators can play a catalytic role by accelerating market readiness through coordinated, phased and practical guidance. A common implementation roadmap across financial-sector authorities would reduce fragmentation, improve comparability and give issuers greater clarity on the path to compliance.

Priority actions include IFRS S1/S2 disclosure templates, sector-specific guidance, taxonomy tagging guidance, targeted capacity-building programs, proportionate assurance expectations and pilot reporting for large or high-impact issuers.

The opportunity is clear, but the window for preparation is narrowing. Boards should lead with clear ownership and oversight; executive committees should execute through funded roadmaps, accountable metric owners, controlled data processes and assurance-ready evidence; and regulators should coordinate expectations, timelines and practical guidance.

If these actions are taken now, Zambia can turn mandatory sustainability reporting into a platform for stronger governance, better capital allocation, trusted disclosure, deeper investor confidence and long-term resilience.

Conclusion



Zambia has momentum; execution discipline will determine reporting credibility.

The 2025 survey points to a clear next chapter: convert ESG awareness into controlled, decision-useful and assurance-ready reporting.

Summary

Mandatory sustainability reporting can become a platform for stronger governance, better capital allocation, investor confidence and long-term resilience.

1. **Boards lead**

   Own the ISSB roadmap, confirm accountability and connect material sustainability risks to enterprise value.

2. **Executive committees executes**

   Move from narrative ESG to controlled metrics, named data owners, evidence trails and assurance-ready processes.

3. **Regulators coordinate**

   Phase guidance, build market capability and align supervisory expectations so adoption is practical and credible.

Final takeaway: readiness is visible – the priority now is execution that is governed, financed, controlled and trusted.

Source: EY questionnaire results (15 listed responses; 75% rate); IFRS S1/S2 disclosure pillars; IFC/JSE/NGX/South Africa taxonomy practice; EY Insights analysis

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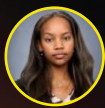

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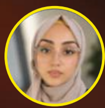

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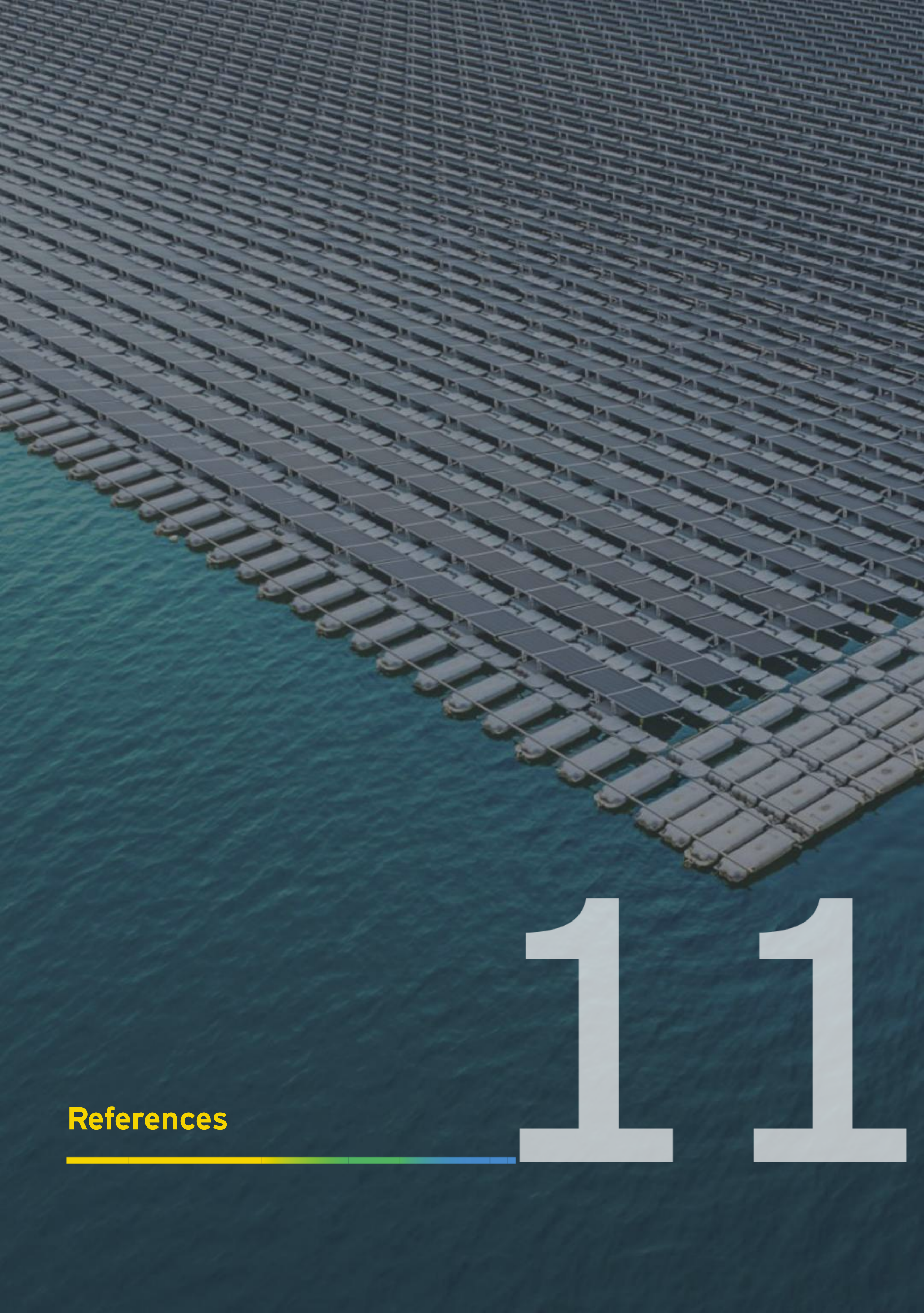

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