

EY Zambia 2024 Sustainability Report

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About this report

Zambian companies are increasingly embracing sustainability and reporting standards to signal commitment to long-term value creation, moving beyond compliance to enhance transparency, attract ESG-focused investors, and meet evolving expectations from global stakeholders.

The report provides a comprehensive quantitative and qualitative assessment of 22 companies listed on the Lusaka Securities Exchange (LuSE) across various sectors, including Energy, Banking, Financial Services and Insurance (BFSI), Consumer and Infrastructure, focusing on Environmental, Social, and Governance (ESG) Key Performance Indicators (KPIs).

The report compares sustainability performance across three reporting periods i.e., 2023-24, 2022-23 and 2021, to track year-on-year progress and identify gaps for Zambian companies to provide strategic call-to-actions and key questions for the leadership executives. The report also benchmarks sector performance against global peers to highlight relative progress and uncover growth opportunities for companies.

In alignment with the Zambia Institute of Chartered Accountants (ZICA) mandate for the adoption of IFRS S1 and S2 standards issued by the International Sustainability Standards Board (ISSB), the report also maps company-level efforts against a structured readiness checklist.

The report presents a holistic view of Zambia's sustainability reporting landscape, highlighting the shift from awareness to early adoption of ISSB standards. It also outlines the ongoing challenges and presents use cases of global best practices from peer countries.

Additionally, it highlights the growing emphasis of national regulators on climate change in the form of Green Economy and Climate Change Act (2024) and Green growth Strategy (2024-30). Lastly, the report outlines key targeted actions that Zambian companies and regulators can consider to accelerate the sustainability journey in Zambia and reach the gold standard reporting.

Letter from the authors

The EY Zambia 2024 sustainability report analyses the annual ESG progress and examines the strategies employed by both regulators and companies to meet evolving sustainability reporting mandates, driving value beyond compliance.

Key highlights

In 2024, digitalisation and innovation, sustainability reporting and social governance emerged as the most prominent sustainability trends reported in Zambia.

Around 86% listed Zambian companies reported on governance initiatives, followed by 77% and 68% reporting on environmental and social efforts, respectively.

The energy and consumer sectors in Zambia fared better in reporting KPIs such as sustainability ambition, targets, strategy, measurement, reporting and SDG goals, when benchmarked against global peers.

The readiness analysis for ISSB adoption highlights that BFSI, energy, consumer and infrastructure sectors need to increasingly disclose quantifiable impacts of climate change on business and leverage cross-sectoral best practice.

Major challenges faced by Zambian companies in implementing ISSB sustainability standards include data collection difficulties, limited technical expertise, high implementation costs and insufficient financial and technical resources.

Sustainability reporting frameworks have empowered companies to gain a competitive advantage by enhancing brand reputation, boosting investor confidence and driving profitability.



Key recommendations

Companies should re-evaluate governance structures to establish dedicated roles focused on overseeing sustainability integration and identifying key material issues, enabling prioritized sustainability investments and initiatives.

Companies are encouraged to explore public-private partnerships or collaborate with consultancy firms for training and expert guidance on effective adoption of sustainability frameworks.

Regulators should implement feedback mechanisms to gather stakeholder input, improving the quality of reporting and enhancing engagement.

Regulators should collaborate to develop comprehensive guidance on sustainability data collection and verification processes to ensure consistency and reliability.

This report's key findings and best practice recommendations provide Zambian companies with a roadmap to develop a forward-looking sustainability reporting approach that drives sustainable stakeholder value.

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'Zambian companies are accelerating sustainability reporting—but gaps remain in social disclosures and governance readiness.'

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A man and a woman are smiling and holding up sticky notes in a meeting. The man is in the foreground, holding a blue sticky note, and the woman is behind him, holding a green sticky note. They are both looking at the camera with happy expressions. The background is a blurred office setting with a window and some papers on a wall.

**National efforts to strengthen
sustainability agenda**

1

Zambia's Green Economy and Climate Change Act provides a robust framework for sustainability reporting, driving climate action and shaping new opportunities for businesses and investors

In December 2024, the Green Economy and Climate Change Act assented into law with facilitation from the Zambian Ministry of Green Economy and Environment (MGEE). The act reinforces Zambia's commitment to climate change mitigation by providing a comprehensive legal framework that enables sustainable development. The Act is grounded on principles that integrate environmental sustainability while promoting socioeconomic development. The success of the Act will depend on effective implementation, capacity building and continued alignment with global climate goals.

The Green Economy and Climate Change Act

Key provisions and corresponding opportunities within the act include:

 Strengthening governance	▶ The Department of Green Economy and Climate Change, part of the Ministry of Green Economy and Environment, is responsible for governing climate policies and programs, and ensuring compliance with both national and international climate commitments. ▶ This institutional framework enhances governance, fosters multi-stakeholder collaboration and drives continuous improvement.
 Climate adaptation and mitigation	▶ The Act mandates the development of National Adaptation and Mitigation Plans, including sector-specific emission reduction strategies, to be reviewed every five years. ▶ This sectoral approach provides clarity and direction for businesses, empowering them to align their operations with national climate goals and contribute meaningfully to Zambia's low-carbon transition.
 Greenhouse Gas Inventory Management System	▶ The Act requires the establishment of a Greenhouse Gas Inventory Management System to serve as a centralized repository for national emissions data reporting for public and private companies. ▶ By maintaining accurate and comprehensive records, the system will enhance transparency, strengthen credibility, and support more effective engagement with stakeholders on GHG emission management.
 Carbon stock and markets	▶ The act also introduces a structured carbon market framework to govern the generation, application and authorization of carbon credits. ▶ By regulating carbon markets, it creates a transparent and credible system that enables companies to trade carbon credits, invest in verified offset projects, meet emission targets more efficiently, and minimize the risk of greenwashing.
 Green Economy and Climate Change Fund	▶ The act establishes the Green Economy and Climate Change Fund to support the implementation of climate initiatives, maintain the Integrated Measuring Reporting and Verification System, build institutional capacity, and promote green economy efforts etc. ▶ This dedicated fund will enable businesses to scale and innovate climate solutions, drive research, and advance sustainability efforts—removing financial barriers and accelerating progress toward national climate goals.

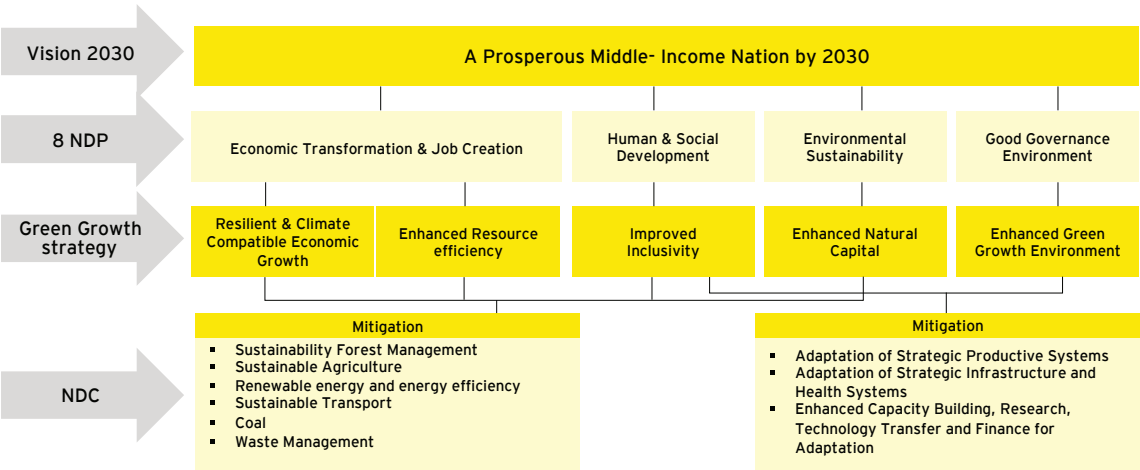
Source: EY Insights analysis of data from Parliament of Zambia, The Policy Monitoring & Research Centre and other public information

Zambian Government has introduced the Green Growth Strategy, establishing a strong policy foundation for sustainable development and aligning national efforts with global climate frameworks

The Government of Zambia is actively promoting sustainability through various national policies and initiatives to develop a low-carbon economy over the long term

National Green growth strategy (2024-2030)

To address the impact of weather and policy related challenges on the economic development, the government has developed National Green growth strategy (2024-2030) based on the four pillars which align with 8NDP and Zambia's Nationally Determined contribution (NDC) to the Paris Agreement.



The strategy is a path towards environmental stewardship and presents opportunities for companies towards better reporting, economic growth, job creation and enhanced resilience

- ▶ **Access to funding:** Under Zambia's Green Growth Strategy, US\$10b has been earmarked to accelerate green initiatives, including the deployment of climate-resilient technologies and biodiversity conservation efforts. This presents a significant opportunity for the private sector to drive meaningful, measurable change over the next six years, while transparently reporting on progress and impact.
- ▶ **Clear and a robust framework:** The strategy will offer a structured roadmap for reporting sustainable business practices, with US\$3.8m allocated to enhance the assessment, measurement and reporting of green finance activities and their impacts.
- ▶ **Collaboration:** Private sector players will be integral to achieving national sustainability goals through enhanced collaboration with government. The strategy promotes Public-Private Partnership (PPP) models and emphasizes capacity building to effectively implement green growth interventions.
- ▶ **Capacity building:** The strategy can help companies to strengthen internal capabilities by accessing technical expertise from global partners.

Source: EY Insights analysis of data from Cabinet of Zambia, CGIAR and other public information

**Zambia sustainability
reporting progress**

Zambian companies are advancing the national sustainability agenda by integrating digitalization and transparent reporting, while prioritizing social and governance factors to align with economic growth

Zambian companies are increasingly embedding sustainability into their core business practices and transparently disclosing their initiatives and progress to stakeholders, demonstrating a commitment to long-term value creation

The collective efforts of companies across Zambia are playing a crucial role in shaping the national sustainability agenda. These initiatives are not only defining today's key focus areas but are also laying a strong foundation for future sustainability goals. As companies strive to align sustainability objectives with broader economic growth, several important sustainability trends are beginning to emerge in Zambia.



Digitalization and innovation

- ▶ Digitalization is gaining momentum in Zambia, bolstered by national efforts such as the National Digital Transformation Strategy and private sector initiatives that focus on advanced technologies, infrastructure enhancement and skills development.
- ▶ Consumer companies in Zambia are emerging as digital frontrunners. For instance, a consumer company has integrated advanced analytics and machine learning into its delivery application for route optimization and carbon footprint reduction, while another has announced value-addition initiatives through mechanization, automation and Information and Communications Technology (ICT) driven solutions.
- ▶ Additionally, recent initiatives like the Green Recycling Enterprises Engaging in New Technology for a Circular Economy in Zambia (GREEN Tech4CE) aim to promote green and circular practices through innovation and technology.



Sustainability reporting

- ▶ Alongside global frameworks such as the TCFD, GRI, and SASB, organizations operating in international markets are also aligning with regional mandates like the EU's Corporate Sustainability Reporting Directive (CSRD).
- ▶ A prominent consumer company in Zambia has initiated efforts towards ISSB IFRS S1 and S2 standards in line with ZICA guidance, proactively training employees in sustainability and finance departments, and has involved an external consultancy to review the implementation process.
- ▶ Workshops and capacity-building initiatives, organized by entities such as the United Nations Economic Commission for Africa, the United Nations Conference on Trade and Development (UNCTAD), and ZICA, are equipping Zambian companies with the tools and knowledge necessary for effective sustainability reporting. These programs also emphasize the integration of climate change into financial reporting and promote knowledge exchange among peers in the region.



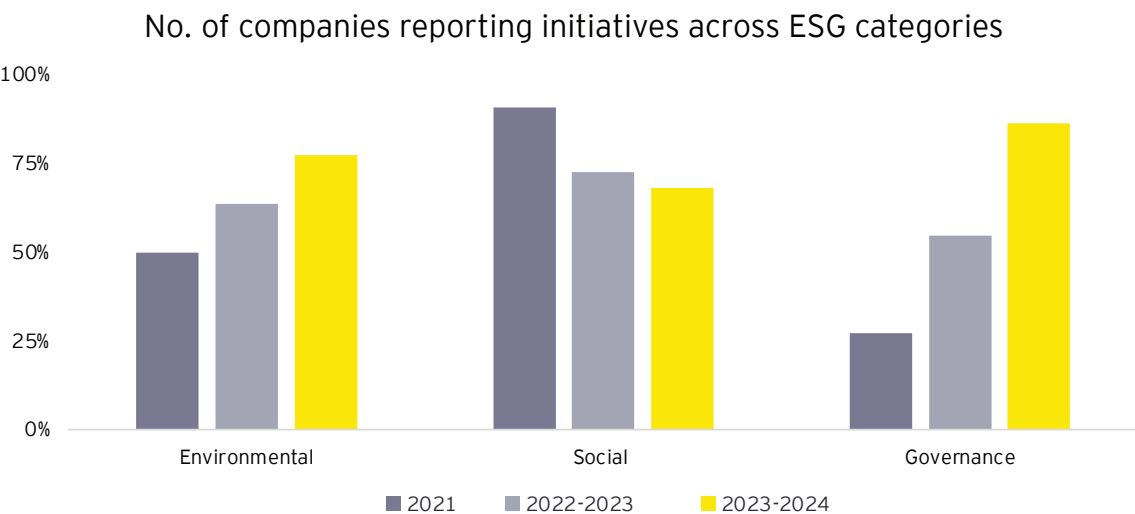
Social and governance

- ▶ Zambian companies are driving impactful social initiatives through community skill-building programs and health-focused infrastructure to address prevalent diseases and enhance safety in communities and workplaces. Notably, a leading BFSI company has launched targeted training programs for youth, women and entrepreneurs, promoting social and economic inclusion and boosting employability across the country.
- ▶ Meanwhile, governance efforts include enhancing workplace diversity, upskilling the workforce, and strengthening sustainability oversight.
- ▶ Companies are also pursuing green financing initiatives. For example, an energy company launched Zambia's first green bond program to raise funds for investments in solar and other clean energy generation projects.

Zambian companies have improved sustainability reporting practices, demonstrating commitment to responsible business and effectively managing climate-related risks

Sustainability reporting is gaining momentum among Zambian companies, driven by rising investor expectations for transparency and international jurisdiction mandates

- ▶ In 2023-24, over 85% of listed Zambian companies reported governance initiatives aimed at advancing the sustainability agenda, marking a significant rise from 27% in 2021. The majority of these efforts focused on enhancing workforce diversity, establishing sustainability governance structures, adopting reporting standards, utilizing digital tools and providing employee training.
- ▶ Environmental reporting also increased markedly during the year, with 77% of companies disclosing initiatives in 2023-24 compared to 50% in 2021. Companies placed strong emphasis on addressing climate change through the adoption of renewable energy sources and the implementation of effective waste and water management practices.
- ▶ While reporting under the social dimension declined to 68% in 2023-24, this drop reflects irregular reporting by some companies and a strategic shift towards newly introduced ESG categories. However, where reported, social efforts concentrated on community training program, supporting local businesses, and promoting health and safety.
- ▶ Increased awareness of climate risks, intensified by drought conditions, combined with major regulatory developments—such as Zambia’s adoption of the ISSB’s Sustainability Disclosure Standards (IFRS S1 and S2) and the 8th National Development Plan—have pushed companies to strengthen both their sustainability initiatives and reporting practices.
- ▶ Notably, companies are also embracing new sustainability trends including adoption of digitalization and innovation practices, development of green infrastructure, securing sustainability certifications and issuance of environmental project briefs.



Note:
Based on EY analysis of ESG initiatives by 22 publicly listed companies on the Lusaka Securities Exchange Plc (LuSE)
The total exceeds 100% as a single company has reported on multiple ESG initiatives across categories

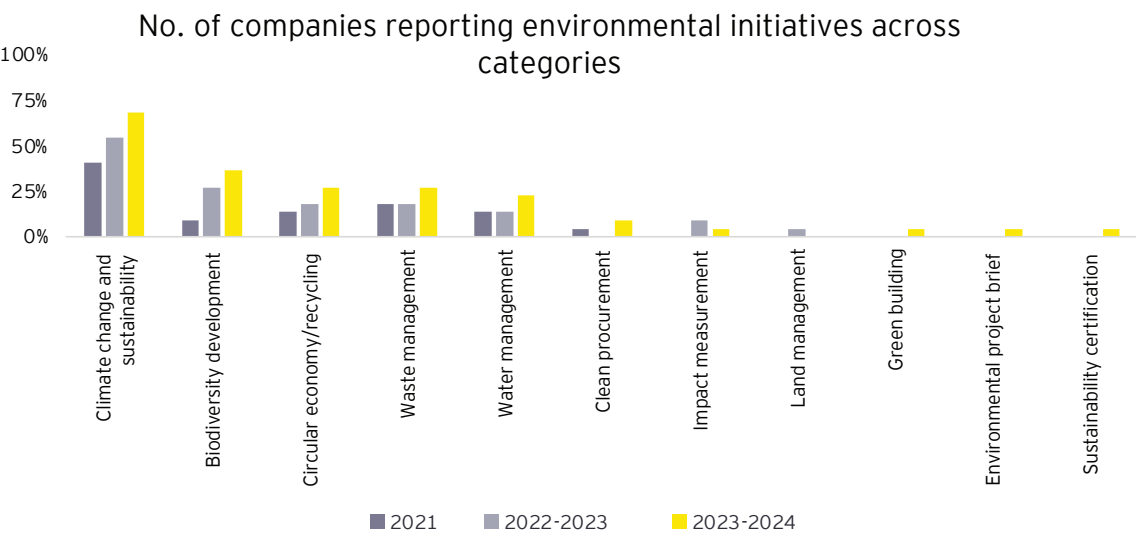
Companies are focusing on renewable energy deployment, conservation of wildlife and protected areas and circular economy to achieve environmental goals and safeguard natural resources

Zambian companies across sectors are prioritising the reduction of GHG emissions through clean energy, while actively committing to biodiversity conservation and strengthening waste and water management practices

- ▶ In 2023-24, companies enhanced their operating practices to demonstrate water stewardship, minimize waste generation, and actively engage in circular economy within their value chains.
- ▶ For the past three years, climate change and sustainability have remained top priorities for companies in Zambia, with 68% of firms reporting sustainability initiatives in 2023-24. This commitment to combating climate change is evident through various initiatives including, adoption of clean energy alternatives such as hybrid power plants that run on lithium batteries, deployment of solar energy, usage of heavy fuel boilers. Certain energy companies are also issuing sustainability linked bonds to meet energy needs by utilizing innovative financing solutions and implementing renewable energy sources to combat emission.
- ▶ Reporting on biodiversity efforts saw a y-o-y increase in Zambia, with 36% of companies reporting biodiversity initiatives in 2023-24. These efforts have centred on afforestation, reforestation, and habitat conservation and preservation.
- ▶ Also, government initiatives such as bilateral agreement with Sweden for carbon credit and emission reduction projects and Wildlife and Protected Areas Accounts (WPAA) under the Zambia Natural Capital Accounting (NCA) Program will help companies to combat emissions and conserve natural resources.
- ▶ In 2023-24, companies started to report on emerging trends such as green infrastructure, proposal of environmental project briefs, responsible procurement practices and sustainability certifications.

Areas of improvement

- ▶ Companies need to quantitatively assess the impact of their current climate change initiatives, identify gaps to meet net-zero targets and integrate climate-related financial disclosures into their reporting.



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Based on EY analysis of ESG initiatives by 22 publicly listed companies on the Lusaka Securities Exchange Plc (LuSE)
The total exceeds 100% as a single company has reported on multiple ESG initiatives across categories

Source: EY Insights analysis of data from company reports, World Bank Group, Reuters, Ministry of Tourism, The African Travel & Tourism Association and other public information

Zambia companies are increasingly prioritizing reporting initiatives on safety and economic development by focusing on community health and strengthening socio-economic goals

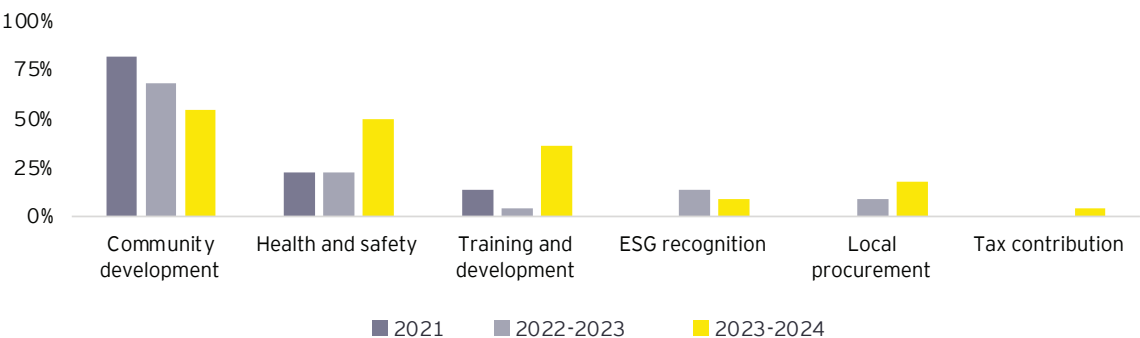
Zambian companies have upheld commitment to social responsibility through efforts centred on community engagement, health initiatives, and economic development.

- ▶ Over the past three years, Zambian companies have increased their focus on reporting health and safety initiatives aimed at protecting and surrounding communities (50% in 2023-24 vs. 23% in 2021). These efforts centred on refurbishing health infrastructure, managing prevalent diseases such as cholera and malaria, and maintaining health management systems in the workplace with effective hazard and risk management protocols.
- ▶ The commitment to uplifting local communities has accelerated, with 36% of companies reporting training and development programs in 2023-24 compared to 14% in 2021, to reshape the economic landscape by building community skills and capabilities. Initiatives included local supplier development programs, crop management training, financial literacy sessions, youth innovation programs and the establishment of incubators for entrepreneurs.
- ▶ In 2023-24, though the number of companies reporting on community development declined y-o-y, the category still remains a focus for 55% companies. Prominent initiatives include infrastructure development in education, finance, energy, and mobility; preservation of culture and heritage; waste and water management; creation of financial awareness; and addressing food security challenges.
- ▶ Emerging trends reported within the social dimension comprise of local procurement initiatives that support livelihoods in local communities and timely contributions to government revenue through tax payments.

Areas of improvement

- ▶ Moving forward, companies must balance their socio-economic priorities by innovating their community development initiatives, while maintaining a strong focus on existing training and health programs.

No. of companies reporting social initiatives across categories



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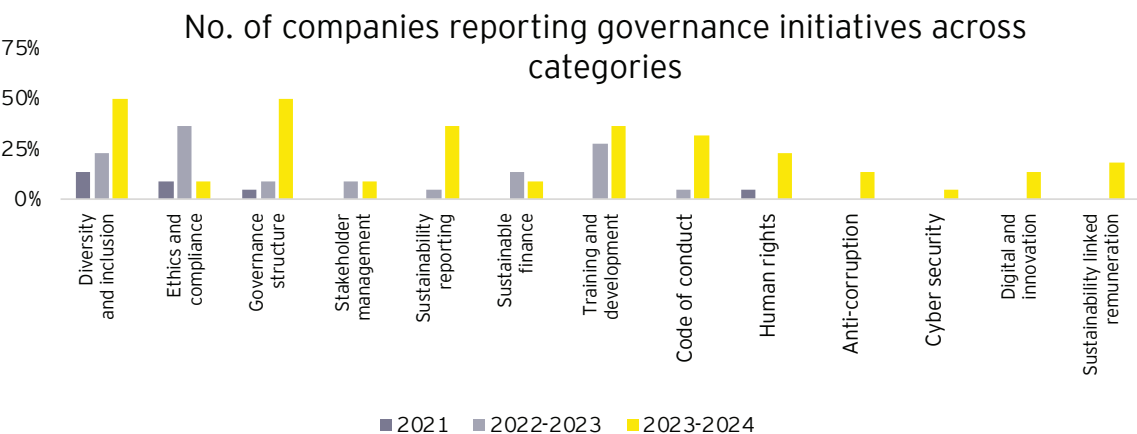
Companies are increasingly focusing on establishing sustainability-related governance structures and promoting workforce diversity

Companies are realizing the pivotal role of robust governance for effective implementation of organization-wide sustainability initiatives

- ▶ The rise in reporting on management structures reflects the growing focus on dedicated sustainability governance, aimed at enhancing the implementation of frameworks, monitoring progress and ensuring the integrity of sustainability reports.
- ▶ Notably, companies influenced by global parent groups have introduced sustainability-linked incentives for senior executives, aligning leadership priorities with long-term ESG goals. While a consumer company has introduced an environmental and social committee as a sub-committee to the board to monitor compliance.
- ▶ As listed Zambian companies prepare to report in accordance with ISSB's IFRS S1 and S2 standards, there has been an increase in reporting on their existing alignment with international standards (36% in 2023-24 vs. 5% in 2022-23).
- ▶ Diversity and inclusion initiatives largely focused on promoting gender diversity, while training programs targeted digital tools, emerging technologies, leadership development, workplace safety, career guidance and financial awareness.
- ▶ Reporting on digital innovation and cybersecurity initiatives gained prominence during 2023-24, as companies increasingly leveraged advanced analytics, machine learning and artificial intelligence to improve operational efficiency and manage environmental footprint.
- ▶ Companies continued to report on other governance initiatives such as ethics and compliance, stakeholder management, sustainable finance, code of conduct, anti-bribery measures and human rights.

Areas of improvement

- ▶ Companies should look to further strengthen governance processes to support their transition efforts and ensure that boards are educated on climate-related matters. Senior leadership needs to have access to detailed scenario analyses and net-zero best practices, to effectively shape credible transition plans.



Note:
Based on EY analysis of ESG initiatives by 22 publicly listed companies on the Lusaka Securities Exchange Plc (LuSE)
Training and development here refers to focus on enhancing the well-being, skills, and inclusivity of employees
The total exceeds 100% as a single company has reported on multiple ESG initiatives across categories

Source: EY Insights analysis of data from company reports, press release and articles



**Peer analysis of
sustainability benchmarking**

With increasing investor expectations and support from national regulators, Zambian companies have elevated their sustainability ambitions, striving to achieve gold-standard global practices

The 22 entities listed on the Lusaka Securities Exchange (LuSE) are categorized into four sectors based on their operational and commercial characteristics for a comprehensive assessment of sustainability progress. Also, a set of 12 global peer companies, three per sector, 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 noteworthy cross-sector performances by Zambian companies in 2023-24:

Distinctiveness
(SDG Goals)

Most companies in the energy sector align their initiatives with the United Nations Sustainable Development Goals (UNSDGs). Notably, a Zambian subsidiary of a global energy company has demonstrated the gold standard in impact assessment by categorizing its contributions to the UNSDGs into three distinct levels: core, direct, and indirect, demonstrating depth of its sustainability efforts.

Time horizons

Consumer sector companies affiliated with a global parent group have proactively announced long-term sustainability goals. One of these consumer companies has gone a step further by announcing short-term Scope 3 emissions targets, highlighting its commitment to reducing GHG emissions across the value chain through extensive collaboration with suppliers

Governance

Most companies in the energy sector have established defined governance structures, with board committees overseeing sustainability issues. One leading energy companies further strengthened its sustainability governance by integrating ESG KPIs on water consumption, carbon footprint, and gender equality into its remuneration framework.

Reporting

Companies in the BFSI sector are actively disclosing information on sustainability issues and related initiatives undertaken. For instance, a Zambian bank conducts an annual materiality assessment to identify key issues relevant to the company and consistently tracks and reports its progress toward achieving its sustainability goals.

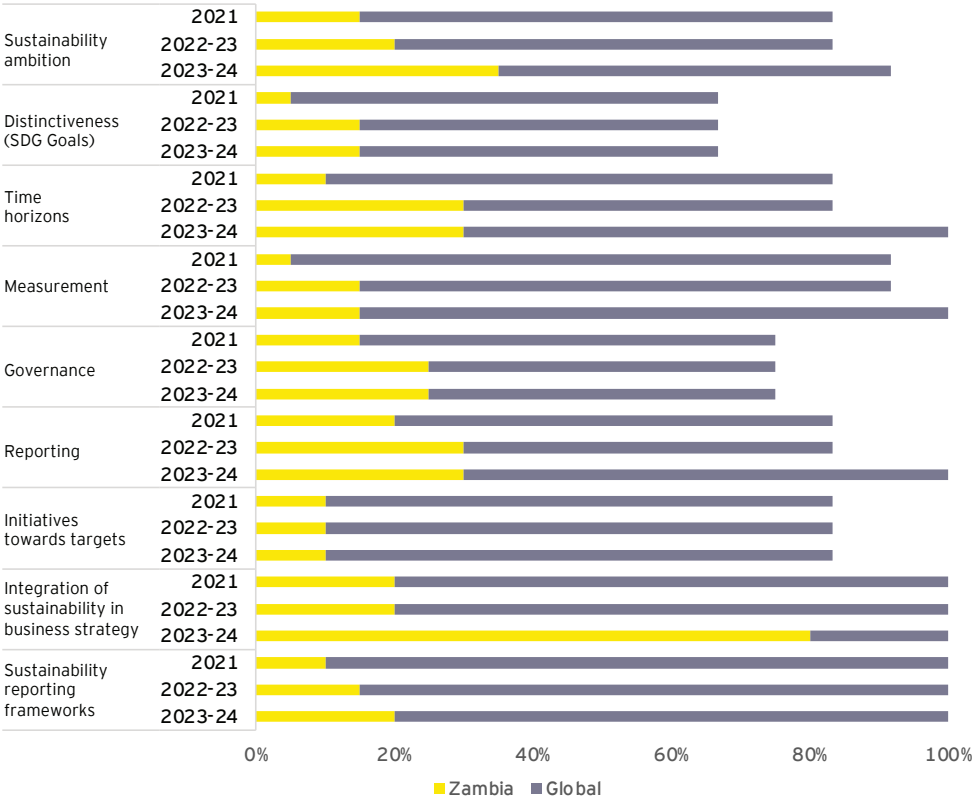
Sustainability reporting frameworks

Consumer sector companies are actively complying with existing international sustainability disclosure standards while also preparing for the newly launched ISSB standards. For example, a Zambian consumer company is training its finance and sustainability departments to implement the IFRS S1 and S2 standards, in accordance with the mandate from the Zambia Institute of Chartered Accountants (ZICA).

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

BFSI companies in Zambia can drive sustainability by adopting a holistic approach that goes beyond social initiatives to strengthen governance practices and reduce environmental impact

Sustainability progress mapping of Global and Zambian BFSI sector



Note:
 The stacked progress bars for Zambia 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
 For subsidiary companies with global corporate ownership, information reported by the parent companies has been considered for analysis

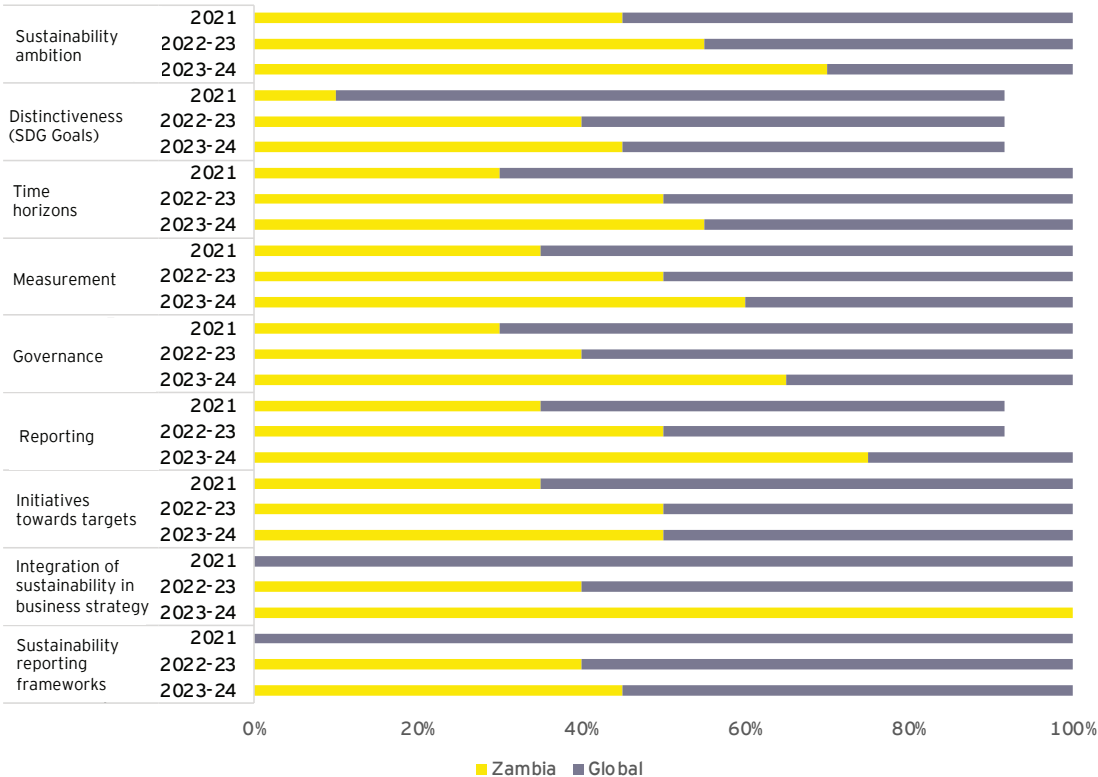
Sustainability performance of Zambian BFSI companies and key improvement areas

- ▶ Zambian BFSI companies currently have lower sustainability ambitions compared to other sectors; however, this is gradually changing as these companies demonstrate a strong commitment to advancing the sustainability agenda within their operations.
- ▶ BFSI companies in Zambia face multiple challenges on the sustainability front. These companies are vulnerable to the impact of climate change due to exposure to agriculture and forestry loans, while small companies face barriers in ESG reporting due to limited resources.
- ▶ Zambian financial providers can provide green financing, in line with the Banking and Financial Services (Green Loans) Guidelines, to projects that contribute to environmental goals. Additionally, companies need to enhance financial awareness within communities, facilitate access to banking infrastructure, incorporate environment-friendly digital solutions and implement energy-efficient operations.

Source: EY Insights analysis of data from company reports, Reuters, Biodiversity Finance Initiative (BIOFIN) and other public information

Long-term sustainability targets will enable Zambian energy companies to align their business practices with a broader sustainability vision, thereby driving business resilience

Sustainability progress mapping of Global and Zambian Energy sector



Note:
 The stacked progress bars for Zambia and global regions are overlapping, and the values for both should be read from base of the bars
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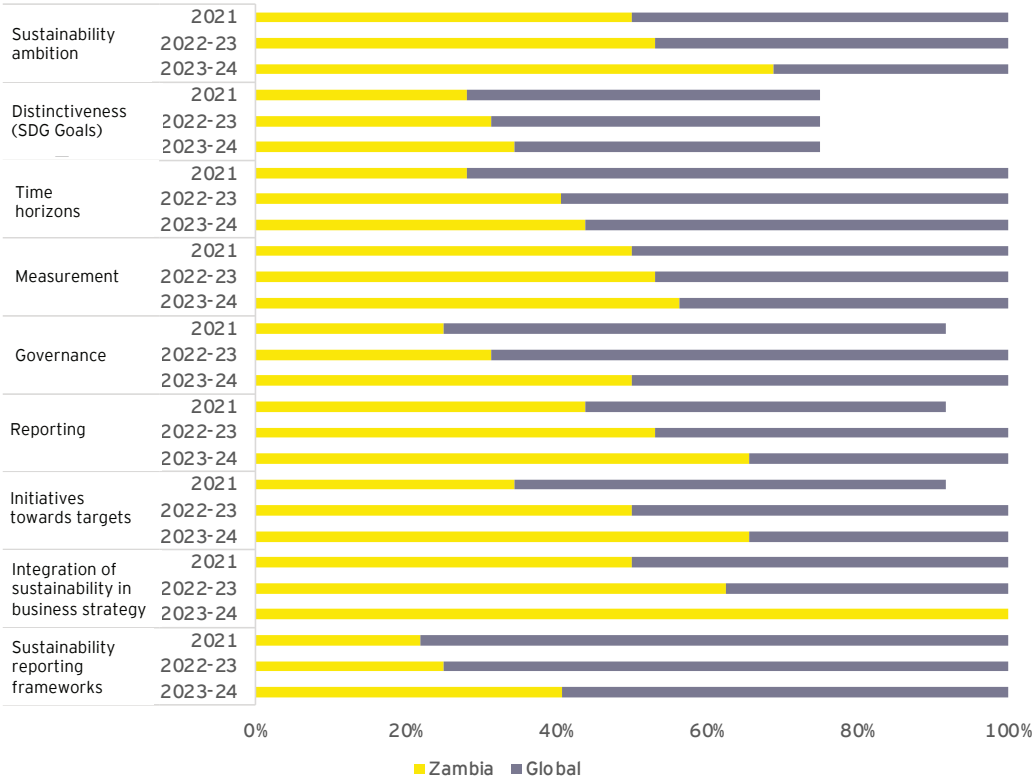
Sustainability performance of Zambian energy companies and key improvement areas

- ▶ Zambian energy sector has made significant progress with 100% companies in the sample incorporating sustainability into business strategies. This growth is driven by increased regulatory and investor focus on sustainability, along with the influence of global parent organizations.
- ▶ Companies have strengthened their alignment with the UNSDGs and enhanced reporting on sustainability KPIs. The adoption of sustainability frameworks also saw a marked rise in 2023-24, with more firms reporting progress than in previous years.
- ▶ However, to build on this momentum, Zambian energy companies must move beyond short-term gains and set ambitious long-term targets, particularly around critical KPIs such as Scope 1, 2, and 3 emissions. Achieving these goals will require accelerating the transition away from carbon-intensive energy sources, investing in clean energy alternatives, and positioning themselves to meet growing global demand driven by the energy transition.

Source: EY Insights analysis of data from company reports, press release and articles

Aligning with global sustainability reporting frameworks and establishing long-term targets will enhance consumer companies’ ongoing efforts to integrate sustainability into their business strategies

Sustainability progress mapping of Global and Zambia Consumer sector



Note:
 The stacked progress bars for Zambia and global regions are overlapping, and the values for both should be read from base of the bars
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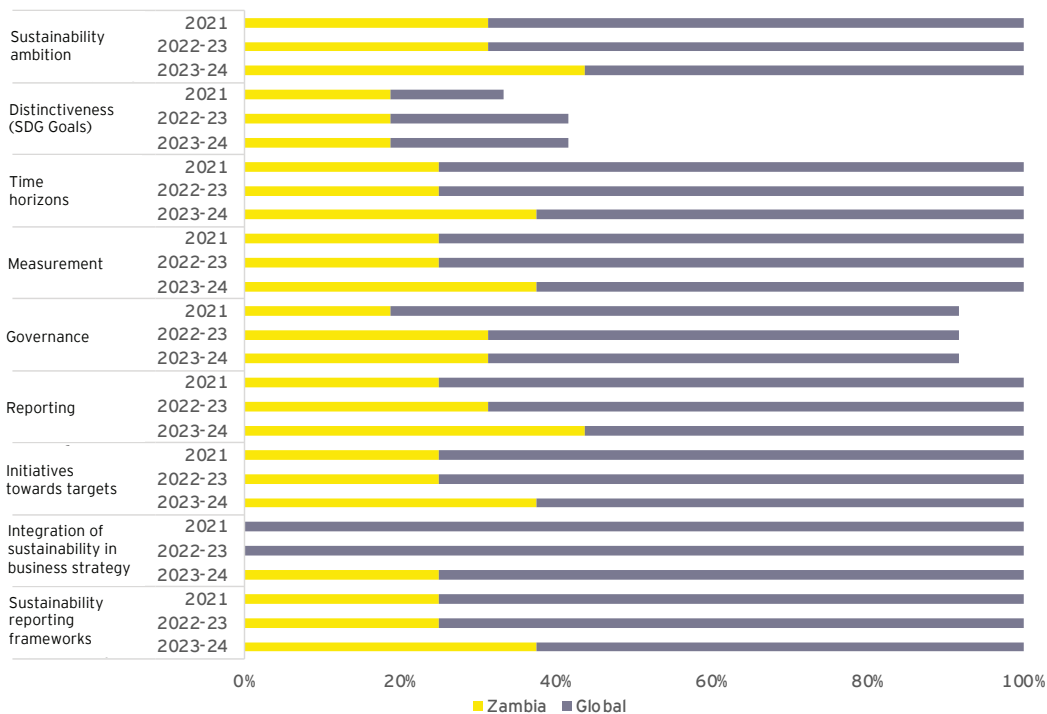
Sustainability performance of Zambia consumer companies and key improvement areas

- ▶ From 2021 to 2023-24, Zambia consumer companies have made notable progress across various parameters, including integrating sustainability into business strategies, reporting on material issues and establishing robust sustainability governance structure.
- ▶ Companies have undertaken several initiatives to achieve their sustainability targets, such as incorporating circular practices, promoting economic development through local procurement and adopting digital solutions to enhance operational efficiency and manage the carbon footprint.
- ▶ Similar to their global counterparts, Zambia companies can set long-term sustainability targets to signal their growing ambitions and adopt international sustainability frameworks to improve their current reporting practices.

Source: EY Insights analysis of data from company reports, press release and articles

Zambian infrastructure companies need to formalize governance structure to improve accountability for sustainability disclosures, enabling the sector to advance beyond the early stages of reporting

Sustainability progress mapping of Global and Zambian Infrastructure sector



Note:
 The stacked progress bars for Zambia 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
 For subsidiary companies with global corporate ownership, information reported by the parent companies has been considered for analysis

Sustainability performance of Zambian infrastructure companies and key improvement areas

- ▶ Analysis indicates that while Zambian infrastructure companies are still in the early stages of sustainability reporting, some have demonstrated gradual progress by integrating sustainability into their business strategies, using recycled construction waste and low-carbon cement and consistently reporting on environmental and social initiatives
- ▶ Zambian companies need to approach sustainability not merely as compliance requirement but as a strategic opportunity to innovate and differentiate. They can strengthen their approach by adopting best practices from global peers, such as integrating green design principles, developing energy-efficient infrastructure, and establishing circular supply chains.
- ▶ Further, companies need to formalize their governance framework, introduce sustainability-linked incentives into executive remuneration structures, and align efforts with UNSDGs to enhance the overall impact of their sustainability efforts.

Source: EY Insights analysis of data from company reports, press release and articles



Global sustainability reporting landscape

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

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 reports	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

The launch of the ISSB standard is a significant development in the goal to rationalize the ESG standard setter landscape by developing a global baseline of sustainability disclosures

Regulatory overview of ISSB sustainability reporting standards

Overview of ISSB standards

- ▶ The ISSB's intention is to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.
- ▶ On June 26, 2023, the International Sustainability Standards Board (ISSB) released the final version of its inaugural standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (S1) and IFRS S2 Climate-related Disclosures (S2), which have the potential to become the template for corporate sustainability reporting around the world.
- ▶ The standards cleave closely to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). They also incorporate elements from other voluntary sustainability reporting frameworks, including industry-specific requirements that have been drawn up by the Sustainability Accounting Standards Board (SASB).
- ▶ For every target, companies are told to disclose how they align with the latest international agreement on climate change (namely, the 2015 Paris Agreement), whether they are calculated using a sectoral decarbonisation approach, and whether they have associated milestones and/or interim targets.

How ISSB connects with TCFD

- ▶ The ISSB benefits from the consolidation of global bodies (CDSB, IIRC and SASB) – as well as the support of IOSCO, TCFD and WEF. Together, they share the aim of enterprise value-focused sustainability disclosures.
- ▶ In line with the TCFD, the ISSB standards require entities to disclose their greenhouse gas (GHG) emissions. They also compel companies to report against seven cross-industry metrics that have been established by the TCFD.

Scope of application

- ▶ Only local jurisdictions can determine whether it will be mandatory for entities to report on International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards.
- ▶ The application of the IFRS Sustainability Disclosure Standards is not linked to the application of IFRS Accounting Standards. Therefore, an entity applying IFRS Accounting Standards for financial reporting purposes is currently not required to also apply the IFRS Sustainability Disclosure Standards and vice versa.

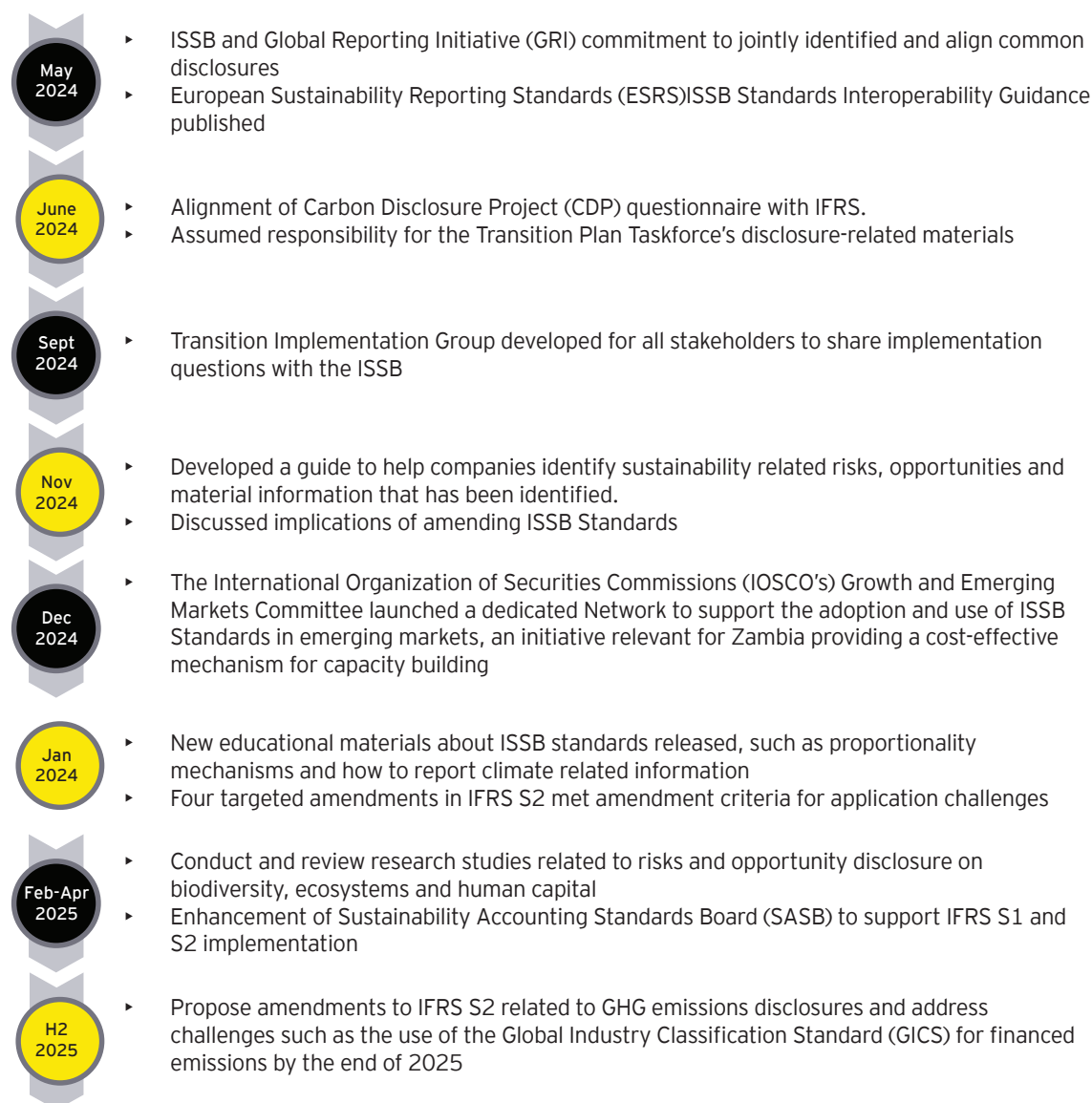
Timeline of implementation

- ▶ The ISSB issued its inaugural standards - IFRS S1 and S2 on June 26, 2023
- ▶ The standards are effective for reporting periods beginning on or after 1 January 2024 though mandatory application depends on each country's endorsement and / or regulatory process

Source: EY Insights analysis of data from IFRS and other public information
Note: *CDP - Carbon Disclosure Project, TPT - Transition Plan Taskforce

As next steps, ISSB is working with strategic partners to align common disclosures, launch educational materials and initiate research projects to promote global adoption and interoperability of sustainability disclosure standards

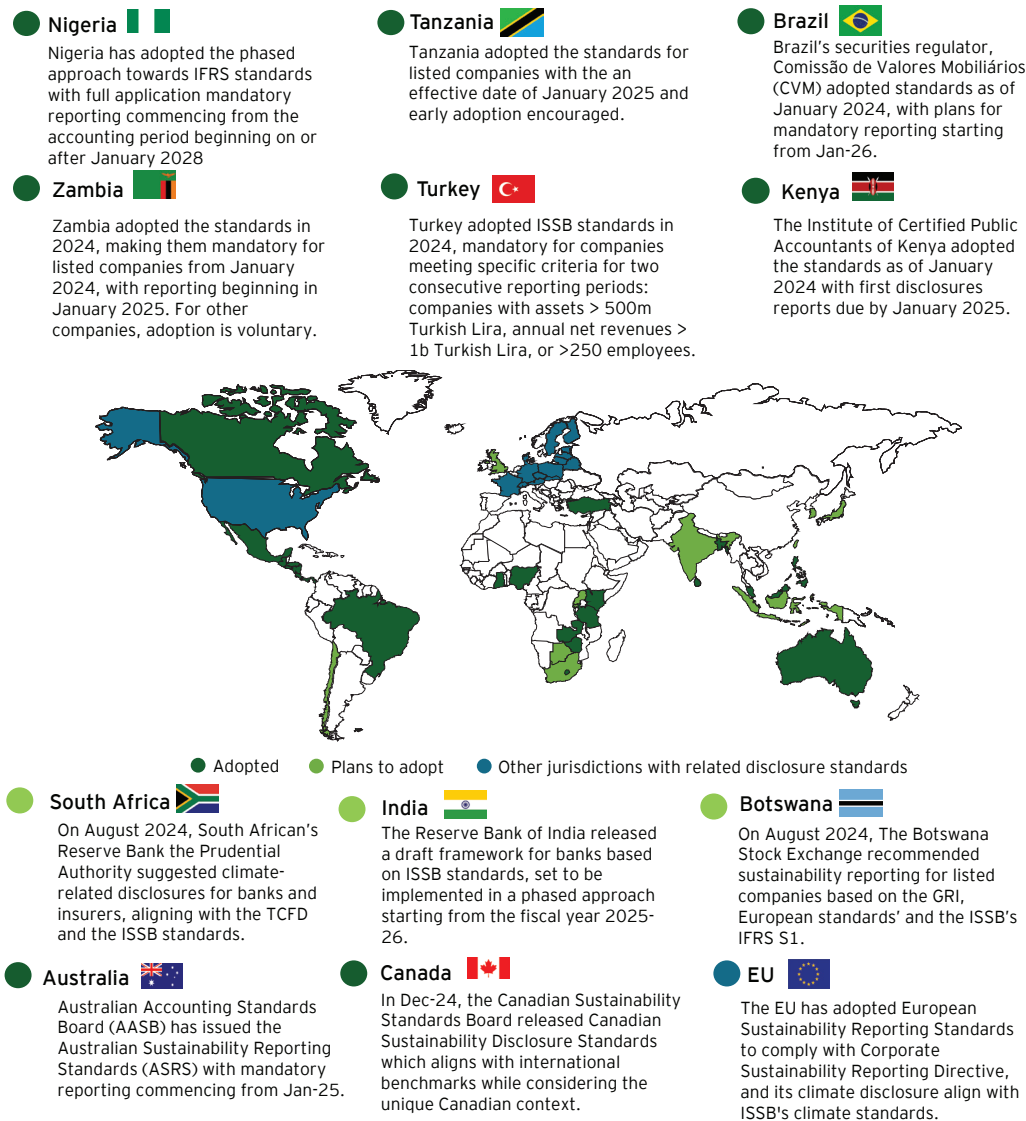
ISSB is taking various initiatives towards the implementation, jurisdictional adoption and building of global baseline of sustainability related disclosures which includes



Source: EY Insights analysis of data from IFRS and other public information
Note: *CDP - Carbon Disclosure Project, TPT - Transition Plan Taskforce

Africa's sustainability journey is gaining momentum on the global stage, as nations legally adopt ISSB standards and strengthen their commitment to the global sustainability agenda

Extent of ISSB sustainability standards adoption



Note:The information on this page is based on publicly available information about a jurisdiction's current intentions and legal requirements as of March 2025

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

Zambia is making notable strides by adopting global reporting standards and customizing them to local needs, enhancing the fairness and relevance of sustainability reporting across its economy

Zambian companies are adopting a two-pronged approach to sustainability reporting i.e., advancing national reporting requirements while aligning with regional reporting directives

In 2023, ZICA adopted the ISSB's Sustainability Disclosure Standards IFRS S1 and S2

- ▶ ZICA has adopted the ISSB's Sustainability Disclosure Standards, IFRS S1 and S2, underscoring the country's commitment to align national sustainability reporting with global best practices.
- ▶ Clear and credible communication of sustainability-related information is expected to drive green financing initiatives and participation in carbon markets, thereby elevating both economic and environmental objectives.
- ▶ These standards will be effective for annual reporting periods beginning on or after 1st January 2025.
- ▶ In order to adhere to the timelines of the mandate, ZICA has hosted multiple IFRS training workshops focused on issues such as integrating climate change and sustainability into financial reporting and capacity building across professions for practitioners, preparers and regulators.
- ▶ The workshops also highlighted Zambia's commitment towards sustainable practices and reporting, referencing the recent launch of the sustainability reporting initiative and establishment of a technical working group to address ESG matters.

Adoption of other jurisdiction mandates (EU CSRD)

- ▶ The Corporate Sustainability Reporting Directive (CSRD) is a new regulation implemented by European Union (EU) that requires all large companies to disclose their environmental and social initiatives from FY 2024, with the first sustainability reports published in 2025.
- ▶ The CSRD also extends to Zambian companies operating in Europe under certain conditions* as well as Zambian subsidiaries of EU companies. These companies need to align their sustainability data collection and reporting with ESRS, which may require significant adjustments in governance, data systems, and processes.
- ▶ For instance, CSRD requires a double materiality assessment under European Sustainability Reporting Standards (ESRS), third party assurance, digital tagging. Zambian companies should either invest in these areas or partner with their EU parent companies to ensure compliance across the group.
- ▶ Additionally, the compatibility of ISSB Standards with jurisdiction-specific requirements is crucial to provide consistent and comparable sustainability-related disclosures while reducing reporting burden for globally active entities that are required to prefer to comply with multiple disclosure frameworks.

* Conditions are mentioned in the notes

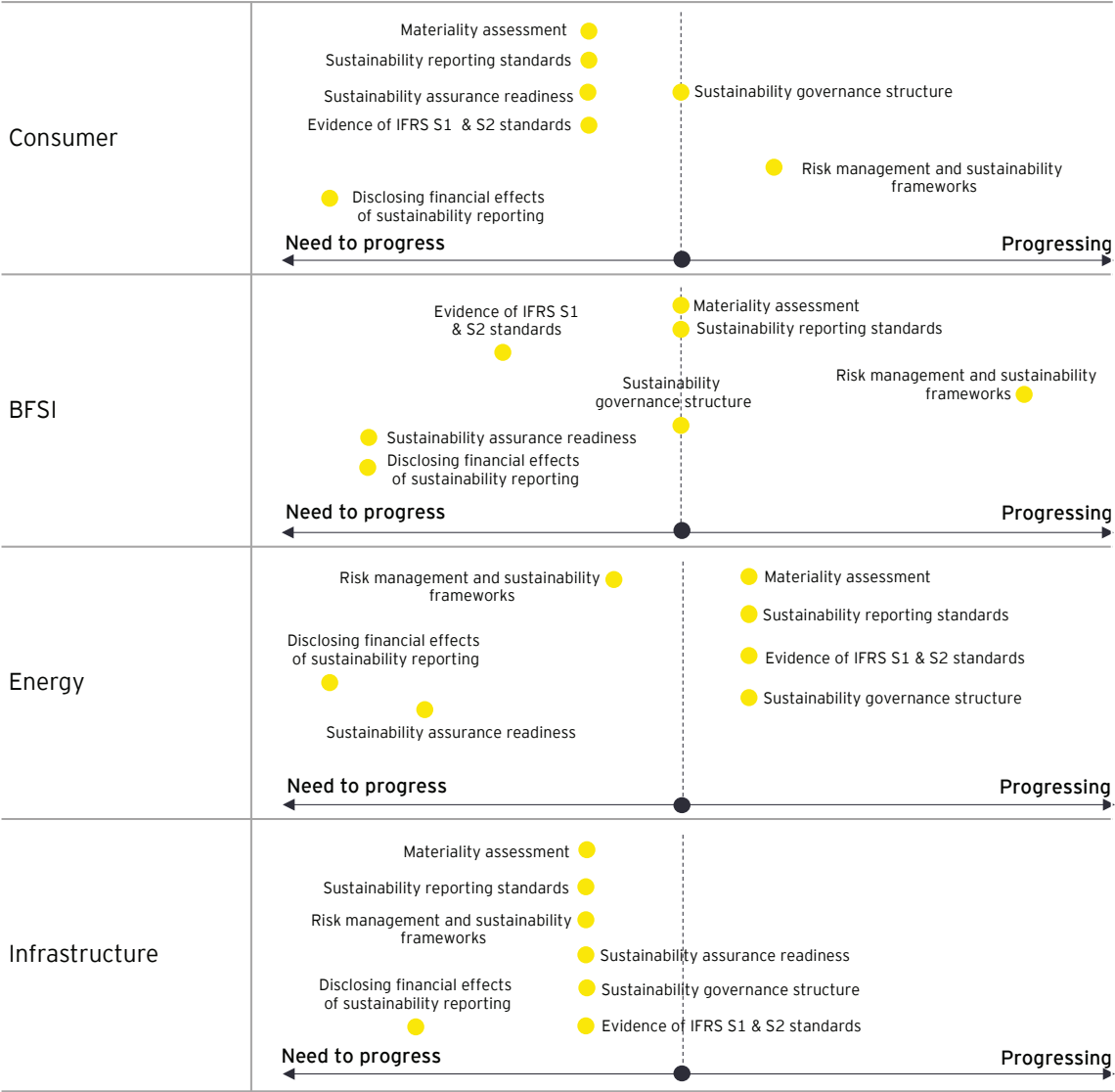


**Moving from awareness
to adoption of the ISSB
standards**

5

Companies are establishing dedicated sustainability governance structures, but it is crucial for all sectors to evaluate the financial impacts of sustainability reporting

Mapping the readiness for ISSB adoption across Zambian sectors



Note:
 The analysis is based on the latest information reported in the public domain. The methodology assigns a positive unit score for the availability of data on a specific parameter, and a negative unit score in absence of such public data.
 The placement of the markers represents relative average sectoral performance along the x-axis and placed at random along the y-axis (not to scale).
 Static placement for multiple parameters indicates similar average scores. Placement of markers at the mid-point indicate a null average score.
 For subsidiary companies owned by global corporations, disclosures made by the parent companies have been considered in the analysis.
 Please refer the next slide for more details on the sustainability mapping parameters and commentary on performance of individual sectors.

Readiness analysis for ISSB adoption highlights that all sectors must increasingly disclose quantifiable impacts of climate change on business and leverage cross-sectoral best practices

Sustainability reporting progress mapping parameters

Materiality assessment	Conduct a materiality assessment to identify the most relevant ESG issues and sustainability risks and opportunities to the business and stakeholders
Sustainability reporting standards	Proactive efforts to report sustainability-related information as per prominent reporting standards - TCFD/GRI/SASB/IFRS S1 and S2/CDP
Risk management and sustainability frameworks	Establish sustainability risk management and sustainability frameworks to guide the organizational ESG strategy and address sustainability risks
Sustainability governance structure	Establish a committee to overlook the implementation of sustainability initiatives and link sustainability-performance incentives to remuneration
Evidence of IFRS S1 & S2 standards	Exhibit evidence of adherence to IFRS S1 and S2 standards, ongoing efforts towards implementation, official communication on adoption, etc
Disclosing financial effects of sustainability reporting	Disclose impact of reporting sustainability-Information on company value, market reputation and financial parameters
Sustainability assurance readiness	Employ internal or external assurance team to validate sustainability-related information within public disclosures

Note:

The sustainability reporting progress mapping parameters draw from the 'Readiness Test' checklist proposed in the previous edition of the report.

Sectoral inferences from readiness analysis for ISSB adoption

- ▶ The readiness analysis reveals varying degrees of progress across sectors in Zambia toward adopting ISSB standards. Overall, most companies in the Zambian BFSI sector have established defined risk management policies and sustainability frameworks that guide the scope and execution of their sustainability initiatives, followed by companies in the consumer sector.
- ▶ A significant number of companies in the Zambian energy sector are conducting materiality assessments to identify relevant issues, reporting in line with existing sustainability standards, and demonstrating efforts to adopt the IFRS S1 and S2 standards.
- ▶ In contrast, the Zambian infrastructure sector needs to intensify its efforts across most sustainability reporting readiness parameters to align more closely with other sectors.
- ▶ While the consumer sector companies should adopt best practices from their Zambian peers with global parent groups by conducting timely materiality assessments and adopting international reporting standards.
- ▶ All the four sectors need to incorporate climate risk into their financial statement to improve reporting on financial impact of sustainability disclosures. Increased collaboration between sustainability and finance departments and leveraging ISSB guidance of how climate risks can be quantified within the financial statements can facilitate the quantification of risk. Companies can further enhance credibility of these disclosures with sustainability assurance processes.

Source: EY Insights analysis of data from company reports, press release and articles

Data collection, limited technical expertise, high implementation cost, insufficient financial and technical resources are some challenges Zambia companies face in implementing ISSB standards

Adoption of ISSB standard with transparent and detailed disclosure of sustainability information will strengthen companies relationship with stakeholders. However, navigating the adoption process will require overcoming significant challenges which includes:-



Complexity in data collection

Shifting from existing data collection methods, along with ensuring comparability and reliability of data, possess challenge, such as reporting Scope 3 data. Consistent and verifiable ESG information is often difficult to acquire and requires substantial resources across operations and supply networks.

Potential resource constraints

Zambian companies lack in-house local expertise to understand ISSB’s double materiality and climate scenario analysis to implement sustainability reporting processes effectively. We have also observed the lack of prominent leadership roles dedicated to sustainability within companies.

Risk assessment

Identifying climate risks using scenario analysis and linking the results with the financial position of the organization can be difficult due to the absence of standardized methodologies for scenario analysis and quantification of financial implications.

Implementation cost

The perceived cost of implementation and reporting under the new ISSB framework can be significant, particularly for smaller companies and resource constrained sector as it involves additional investments in data systems, assurance process and governance structures.

Variations in industry specific disclosures within IFRS S2

The ISSB Standards are expected to enhance the comparability of disclosures by entities within the same industry, particularly through industry-specific disclosures. However, the range of disclosures provided will vary significantly across entities.

Lack of awareness

Many businesses, especially smaller ones, lack sufficient awareness and understanding of reporting standards. Their limited grasp of the full scope of these requirements often slows down adoption rates.

Multiple reporting standards

Navigating multiple reporting standards, such as GRI, TCFD, SASB, and ISSB, is challenging for companies, particularly in developing interoperability between these frameworks and ensuring consistent disclosure practices

Source: EY Insights analysis of data from IRIS carbon, IFC Beyond the Balance Sheet, Lythouse, A&O Shearman and other public information

Zambia can apply the learnings from emerging and developed economies that focus on capacity building, collaboration with international organizations, reporting assurance and public feedback

Best Practices in promoting sustainability reporting from leading countries



Australia

- ▶ The Australian Accounting Standards Board (AASB) issued first two Australian Sustainability Reporting Standards (ASRS) i.e. AASB S1 (voluntary) and AASB S2 (mandatory). These standards are based on ISSB IFRS S1 and S2 and consider sustainability reporting as a whole than focusing only on climate-related disclosures.
- ▶ **Undertake minimum liability approach to ensure enforcement** - In order to allow the companies to gain experience and report as per the climate disclosure standards, the existing liability framework that cover matters related to the duties of directors, erroneous conduct and general disclosure obligations, has been temporarily modified for the first three years of the mandatory climate disclosure regime. This provides companies protection from civil actions (other than actions by the ASIC).
- ▶ **Mandate sustainability assurance to improve credibility** - The Auditing and Assurance Standards Board (AUASB) has approved the ASSA 5010 which specifies minimum level of assurance that must be obtained on climate-related financial disclosures. Amendments to the Corporations Act require an entity's sustainability report to be audited for financial years commencing on or after 1st July 2030.



Nigeria

- ▶ The Financial Reporting Council (FRC) of Nigeria declared its intention for the early adoption of the ISSB standards in 2022.
- ▶ **Government-led efforts by establishing a working group to develop a roadmap to guide phased adoption** - The FRC established the Adoption Readiness Working Group (ARWG) to implement sustainability reporting in Nigeria. In March 2024, the ARWG announced a four-phased roadmap (Early, Voluntary, Mandatory, Government) for the adoption of ISSB Standards, with full mandatory application commencing on or after 1st January 2028. The road map includes a Readiness Test Assessment with a checklist to adopt and adequately comply with the IFRS S1 and S2 standards. This test evaluates preparedness of companies for sustainability reporting and drives capacity building.
- ▶ **Conduct industry-specific training workshops to train small and medium enterprises (SMEs)** - The FRC has partnered with the Nigerian Integrated Reporting Committee (NIRC) to organize industry-specific workshop on implementing IFRS S1 and S2 standards.



Bangladesh

- ▶ In December 2023, the Central Bank of Bangladesh, under technical assistance from International Finance Corporation (IFC), published a 'Guideline on Sustainability and Climate-related Financial Disclosure for Banks and Financial Institutions' to implement the ISSB standards.
- ▶ These guidelines aligned with the ongoing International Monetary Fund (IMF) Program in Bangladesh, leading to subsequent IMF financing package.
- ▶ **Leverage partnerships for technical assistance and capacity building** - The IFC provided technical assistance to the Central Bank of Bangladesh with capacity building for a 10-member working group, and trained staff who further conducted training sessions for over 60 banks and 34 financial institutions.

Source: EY Insights analysis of data from Australian Accounting Standards Board, Parliament of Australia, Financial Reporting Council of Nigeria, Sustainable Stock Exchanges initiative, IFC Beyond the Balance Sheet and other public information



**Unlocking value beyond
compliance: Strategic use cases
for adopting sustainability
reporting standards**

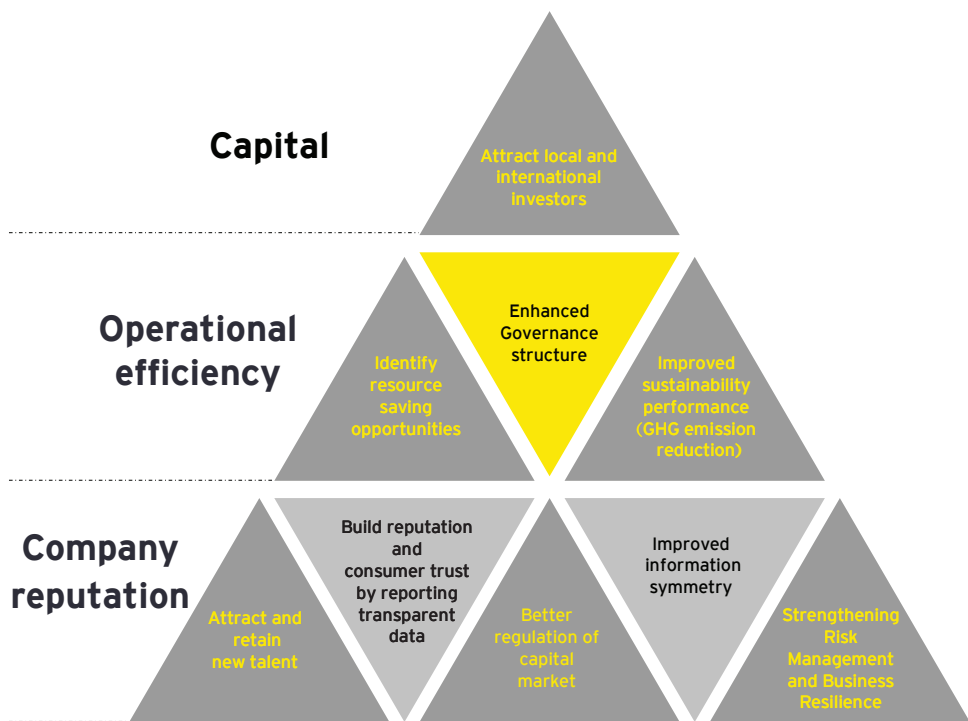
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Growing use of reporting standards shows a commitment to value creation beyond compliance, leading to better governance, transparency, aligned disclosures and lower capital costs

Companies are improving their sustainability reporting practices, as it helps them gain competitive advantage by enhancing transparency and accountability

Sustainability reporting has evolved beyond a compliance checkbox to strategic necessity for forward-looking businesses. As ESG gains prominence in boardroom discussion, companies are aligning with international sustainability frameworks such as TCFD, SASB, GRI, ISSB. These frameworks not only help organizations meet regulatory expectations but also provide a competitive edge by identifying key operational risks and uncovering new opportunities. Having said that, regulatory compliance itself becomes a key business driver for adopting the ISSB standards. Collaboration between sustainability reporting bodies and early adopters of global disclosure standards are essential to generating compelling, data-backed evidence that reinforces the business case for companies and investors.

Key opportunities from adopting a sustainability reporting framework



Source: EY Insights analysis of data from IFRS, Institute of Sustainability Studies, CSR in Action, 1st Attorneys and other public information

Several compelling business cases and studies indicate that adopting robust sustainability reporting standards delivers tangible benefits and drives long-term value across the organization

Several studies and use cases demonstrate the positive impact of sustainability reporting on shareholder value and financial performance, going beyond mere compliance exercise

US firms study (Westminster University)

The study revealed a positive correlation between sustainability reporting and the profitability of firms, indicating a 22% rise in Return on Equity (ROE), a 3.3% increase in Return on Assets (ROA), and a 10.7% rise in profit margin, particularly among firms with low institutional ownership.

Research by graduate school of business (University of Zambia)*

The study indicated that independent variable i.e., Environmental and social sustainability indicators and dependent variable i.e. return on assets is real and statistically significant, while the model is has weak predictive power to explain the variance in the dependent variable.

Study on Oil and Gas firms listed in Nigerian capital market

The study concluded that disclosure of sustainability performance ensures sustainability of environment and send signals to the stakeholders that such firms have future growth prospect, influencing the behaviours of customers and investors in the capital market.

EU-based investment fund study

Research showed that 62.6% of analyzed studies found companies with strong ESG performance tend to achieve better financial returns. As green finance options grow, companies aligning to ISSB will be better positioned to attract investment and secure capital.

~90%

of the investors used climate-related disclosures to inform their financial decision-making, as per a TCFD survey

~66%

of the investors factor climate related disclosures into how they price financial assets, highlighting the material influence of ESG transparency on market valuations

~70%

of companies in the S&P global 1200 Index, representing 69 markets, has reported sustainability-related information using the SASB standards enhancing corporate strategic planning and fostering coordination among employees, suppliers and customers

*In the notes section, a study by University of Zambia is showcasing a positive relationship between firm's value and ESG reporting

Source: EY Insights analysis of data from IFRS, Research Gate, Deutsche Asset & Wealth Management, Westminster University, SSRN papers and other public information.

Adopting sustainability reporting framework has enabled companies to gain competitive advantage by enhancing brand reputation, boosting investor confidence and driving profitability

Several compelling business cases illustrate the tangible benefits of adopting robust sustainability reporting standards that can drive significant value across the organization

ISSB adoption by a bank in Middle East and Africa

- ▶ A bank operating in Middle East and Africa was an early adopter of the ISSB standard positioning itself ahead of the curve. By publishing a single consolidated report for the investors, regulators, customers alike, the bank has streamlined its communications and clearly demonstrated its sustainability commitments and progress against targets.
- ▶ This resulted in assured reporting practices, such as the verification of critical metrics like financed emissions, reducing the risk of greenwashing and improved transparency among stakeholders.

ISSB adoption by industrial goods manufacturer headquartered in Germany

- ▶ The company adopted strategies such as stakeholder engagement, investment in new software to streamline data collection and analysis and adopted phased approach to focus for the effective integration of ESG guidelines.
- ▶ Since implementation, the company has recorded a 15% reduction in carbon emissions, a 20% rise in employee engagement, and a 20% improvement in customer satisfaction demonstrating the internal and external value creation enabled by high-quality sustainability.

SASB adoption by a medical technology company

- ▶ A leading medical technology company developed an integrated report leveraging multiple frameworks, including GRI, CDP, and SASB. Beyond enhancing transparency and stakeholder confidence, the adoption of standardized reporting has facilitated deeper internal alignment.
- ▶ By integrating various sustainability initiatives under a unified reporting structure, the company enabled more strategic conversations among internal teams, reinforcing a holistic, enterprise-wide sustainability approach.

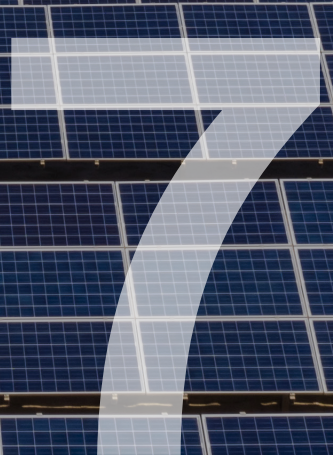
Adoption of sustainability banking principles by banks in Nigeria

- ▶ A major Nigerian bank adopted robust sustainable banking principles, enabling access to international funds that require compliance with sustainability criteria, unlocking critical global financing tied to environmental and social best practices.
- ▶ A leading Nigerian bank raised green bonds by aligning fully with global sustainability standards, signalling its environmental commitment and attracting ESG-focused investors

*In the notes section, a study by University of Zambia is showcasing a positive relationship between firm's value and ESG reporting



Call for action and next steps



To achieve gold-standard sustainability reporting, focus on local capability building, implement robust governance frameworks, use data to drive action and explore peer-learning initiatives

Call to actions

1 Governance structure

- ▶ Reevaluate governance structures by introducing new roles and establishing board-level committees dedicated to overseeing sustainability integration across business functions.
- ▶ Cross-functional collaboration between finance, sustainability, and operations teams will be essential to align ESG and financial reporting.
- ▶ Recruit board members with specialist knowledge through training and education.

2 Collaboration

- ▶ Companies can consider public-private partnerships or collaborate with consultancy firms to provide training and consultation for the effective adoption of frameworks.

3 Reporting template

- ▶ Standardized reporting templates and toolkits, such as those provided by the IFC Disclosure and Transparency Framework, which align with multiple global standards would be useful for Zambia to overcome barriers in understanding what they need to report.

4 Capacity building

- ▶ Zambian companies can work with international organizations and standard setters to clarify disclosure expectations, enable consistent materiality assessments, and strengthen data systems for effective ESG reporting.

5 Incentivize sustainability reporting

- ▶ Company can incentivize sustainability reporting for companies through tax breaks or grants to enhance reporting practices.

6 Innovate existing sustainability efforts

- ▶ Zambian companies can take a proactive approach by identifying the most relevant material issues, aligning their initiatives to address these priorities, and exploring areas for innovation in line with global best practices.

7 Digitization of ESG data

- ▶ Digital tools that benchmark streamlining multi-standard reporting and that connect impact metrics to financials most helpful. For e.g. companies can adopt machine-readable format for sustainability reporting to enable seamless digital consumption and improved usability.

8 Standardized metrics for evaluation

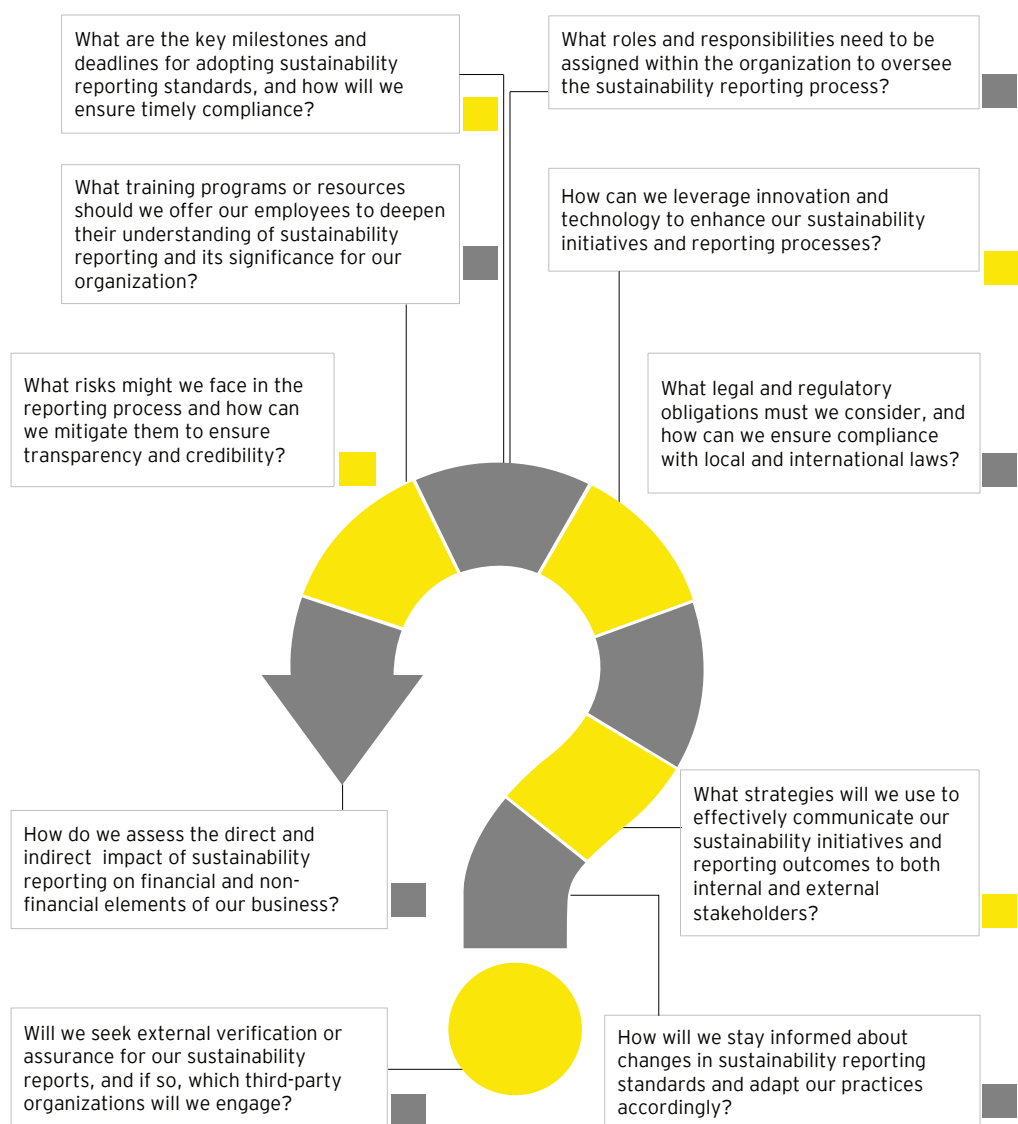
- ▶ Measure the impact of sustainability initiatives using standardized metrics to effectively demonstrate value and justify costs to stakeholders.

9 Sustainability assurance

- ▶ Enhance credibility and transparency of sustainability disclosures by verifying data through internal audits or independent third-party assurance.

C-suite executives should consider a range of critical questions as they transition from awareness to the adoption stage of their sustainability reporting journey

Questions every company needs to ask about sustainability reporting





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8

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