

Why Most Nigerian Companies May Fail the

FRC SRG 1 & IFRS S1/S2 Readiness Test

and How to Avoid It

 <p><i>Speaker</i></p>	 <p><i>Speaker</i></p>	 <p><i>Moderator</i></p>
Dr. Abdulrazzaq Abubakar Principal Manager/Head Sustainability Reporting Regulations Department	Akeem Taofik Director, Governance, Risk and Compliance, Stransact	Taiwo Akinode Senior Manager (Audit & Assurance, Stransact)

Date & Time:

8th July 2026

11:00am WAT



Register at:

<https://bit.ly/4oHNchD>

The introduction of the **Sustainability Reporting Guideline 1 (SRG 1) (2026)** marks a significant milestone in Nigeria's corporate reporting landscape, reinforcing the adoption of **IFRS Sustainability Disclosure Standards (IFRS S1 and S2)**.

As organisations begin to transition towards compliance, sustainability reporting is evolving from a **voluntary, narrative-driven practice** to a **structured, regulated, and verifiable reporting requirement**.

Despite increasing awareness, many entities may still face challenges in translating this awareness into **practical readiness and implementation capability**.

This webinar is designed to provide participants with a practical understanding of SRG 1 requirements and expectations, helping organisations gain clarity on what is required to achieve compliance within the evolving regulatory landscape.

It will also highlight common challenges that organisations may encounter in assessing and achieving readiness, while clarifying the distinction between general awareness and actual implementation readiness.

In addition, the session will offer a structured and practical roadmap for preparing for compliance, enabling participants to take informed and strategic steps towards implementation.

Ultimately, the webinar seeks to promote alignment with emerging regulatory and reporting standards, supporting sustainable compliance, improved operational efficiency, and stronger organisational preparedness.

About Stransact

Stransact Chartered Accountants is a leading accounting and advisory firm in Nigeria. Our deep-rooted understanding of the Nigerian business landscape, coupled with our affiliation with RSM – the world’s sixth largest network of independent audit, tax, and consulting firms, positions us uniquely to deliver exceptional services to our clients. With over 70 professionals serving the middle market across various industries, Stransact offers a comprehensive suite of audit, accounting, tax, advisory, consulting and outsourcing solutions.

Our partnership with RSM empowers us to leverage global best practices while maintaining a strong local focus. Founded in 2009 by industry veterans, Stransact is committed to providing clients with world-class services that combine global standards with a deep understanding of the Nigerian business ecosystem.

For more information, visit our website: www.stransact.com

Webinar Objectives & Protocol

To maintain a high standard of professional engagement, the protocol includes a structured opening presentation followed by a moderated executive Q&A session for targeted problem-solving.

Attendees are encouraged to submit specific organisational challenges via the chat feature throughout the session to be addressed by our subject matter experts in real-time.

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Akeem Taofik brings over 18 years of experience as an internal and external auditor, leading audit engagements across FMCG, Oil and Gas, Energy, Capital Markets, Infrastructure, and Financial Services. Akeem is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), an Associate of the Chartered Institute of Taxation of Nigeria (ACTI), a Reporting Accountant, a Global Member of the Institute of Internal Auditors (Florida, USA). He is also an ISO/IEC 27001 Provisional Implementer and Auditor, a Certified Forensic Accountant (ICAN), and a Certified IFRS Specialist (ICAN). Prior to becoming the Director, Governance, Risk, and Compliance at Stransact, he was Director, Audit and Assurance. Akeem also served as Group Head, Internal Audit, Meristem Securities Limited. He will be providing insights from the risk-and-controls perspective, highlighting where compliance issues arise in practice, particularly in exceptions and workflow handoffs.

Speaker's Profile



Akeem Taofik

Director, Governance, Risk and Compliance.
Stransact

What This Session Will Achieve

1

Clarify

SRG 1 and IFRS S1/S2 expectations

2

Identify

Common readiness and implementation gaps

3

Highlight

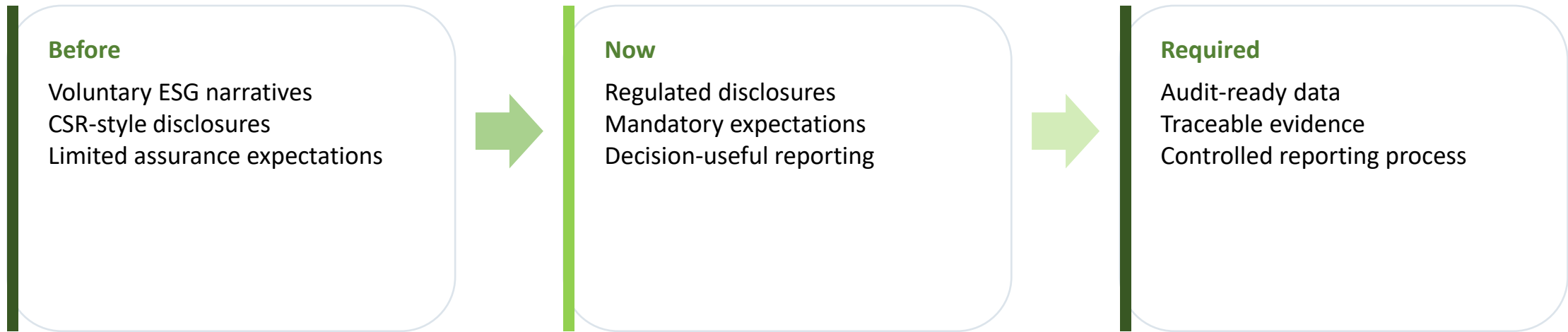
Governance, systems and control requirements

4

Provide

Practical steps to achieve readiness

The Critical Shift in Sustainability Reporting



Understanding the Reporting Architecture

Sustainability-Related Risks & Opportunities

Climate Risks & Opportunities

Physical Risks — Acute

Extreme weather events (floods, storms, wildfires); disruption to operations and supply chains

Physical Risks — Chronic

Sea-level rise, temperature shifts, water stress; long-term asset impairment

Transition Risks

Policy & Legal — carbon pricing, regulations

Technology — stranded assets, clean-tech adoption

Market — shifting demand, commodity prices

Reputational — stakeholder backlash

Climate Opportunities

Resource Efficiency

Clean Energy

Green Products

New Markets

Resilience

Non-Climate (Broader Sustainability) Risks & Opportunities

Social Risks

- Labour practices & human rights violations; diversity & inclusion failures
- Community impact; supply chain social risks

Governance Risks

- Anti-corruption failures; board accountability gaps
- Executive pay controversies; data privacy breaches

Natural Capital Risks

- Biodiversity loss; water scarcity; land use conflicts
- Pollution & waste

Non-Climate Opportunities

Social License

Talent Retention

Stakeholder Trust

Innovation Growth

Supply Chain Resilience

Sustainability-related risks split into climate and non-climate categories — both carry financial consequences that must be identified, assessed and disclosed.

IFRS S1 & S2 – The Sustainability Disclosure Framework

Four Disclosure Pillars

Governance → Strategy → Risk Management → Metrics & Targets

IFRS S1

General Requirements for Sustainability-related Financial Disclosures

Scope

ALL sustainability-related risks and opportunities reasonably expected to affect the entity's **prospects** (cash flows, access to finance, or cost of capital) over the short, medium or long term.

Disclosure Pillars

Governance Strategy Risk Management Metrics & Targets

Key Requirements

- ✓ Connectivity with **general purpose financial reports**
- ✓ **Proportionality** provisions for SMEs

Primary Stakeholders

Investors Lenders Creditors

Supporting Stakeholders

Regulators Standard-setters Civil society orgs Rating agencies

IFRS S2

Climate-related Disclosures

Scope

Climate-specific **physical risks** (acute & chronic) and **transition risks** and opportunities.

Foundation

🔗 Built on & aligned with TCFD recommendations

Key Requirements

- 📄 Climate **scenario analysis** including **1.5°C scenario**
- 🌿 GHG emissions disclosure
 - Scope 1 Scope 2 Scope 3 full coverage required
- 📊 Quantification of **climate financial impacts**
- 🔗 Integrated into IFRS S1's **four-pillar structure**

Primary Stakeholders

Capital markets participants Asset managers ESG rating agencies

Supporting Stakeholders

Insurers Regulators Supply chain partners Civil society

IFRS S1 and S2 establish a globally consistent framework for disclosing sustainability-related financial information through four interconnected pillars.

Connectivity of Sustainability Risks & Opportunities to the Financial Statements

Four Disclosure Pillars



Governance

Board & management oversight of sustainability-related risks and opportunities

Fiduciary duties · Board committees · Remuneration accountability



Strategy

How sustainability risks affect business model, value chain, financial planning & resilience

Asset impairment · Capital allocation · Going concern · Fair value



Risk Management

Processes to identify, assess, prioritise & manage sustainability risks within ERM

Provisions · Contingent liabilities · Credit risk · Insurance adequacy



Metrics & Targets

Quantified KPIs & targets measuring sustainability performance over time

Executive pay conditions · ESG-linked covenants · Carbon credit accounting

Financial
Impact



Flows
into

Financial Statements Affected

Statement of Financial Position

- Impaired assets
- Environmental provisions
- Decommissioning liabilities
- Green financing instruments

Statement of Profit or Loss

- Stranded asset write-downs
- Carbon tax expense
- Energy transition costs
- Green revenue streams

Statement of Cash Flows

- Capex for clean assets
- Carbon credit purchases
- Remediation payments

Notes to Financial Statements

- Accounting policies
- Green bond disclosures
- Sensitivity analysis
- Quantified risk exposures
- Emissions liability recognition

Sustainability-related risks and opportunities reach the financial statements through four pillars — each leaving a measurable financial footprint.

Awareness is Not Readiness

Awareness	Readiness
Know requirements	Can implement requirements
Policies exist	Processes operate effectively
Narrative disclosures	Data-driven reporting
Conceptual understanding	Audit-ready systems and evidence

Why Organisations Struggle

Governance

Unclear ownership and oversight

Data

Fragmented and inconsistent data sources

Systems

Limited integration across business processes

Process

Manual and non-repeatable reporting routines

Controls

Weak evidence trail and validation controls

**“The biggest failure point is not lack of awareness
— it is lack of repeatable processes and
controls.”**

The Data Challenge



What Governance Should Look Like

Board / Audit Committee

Oversight and challenge

Executive Management

Accountability and resource allocation

CFO | Risk | Sustainability

Data integrity, framework and coordination

Process & Data Owners

Operate controls and maintain evidence

Applying ICFR Thinking to Sustainability

1

Capture

Data source completeness and accuracy

2

Validate

Review, reconciliation and exception checks

3

Change

Controlled updates to assumptions and metrics

4

Report

Approval trail and disclosure consistency

Is Your Data Audit-Ready?

Traceable?

Can users trace disclosures back to source records?

Verifiable?

Is there evidence supporting reported figures?

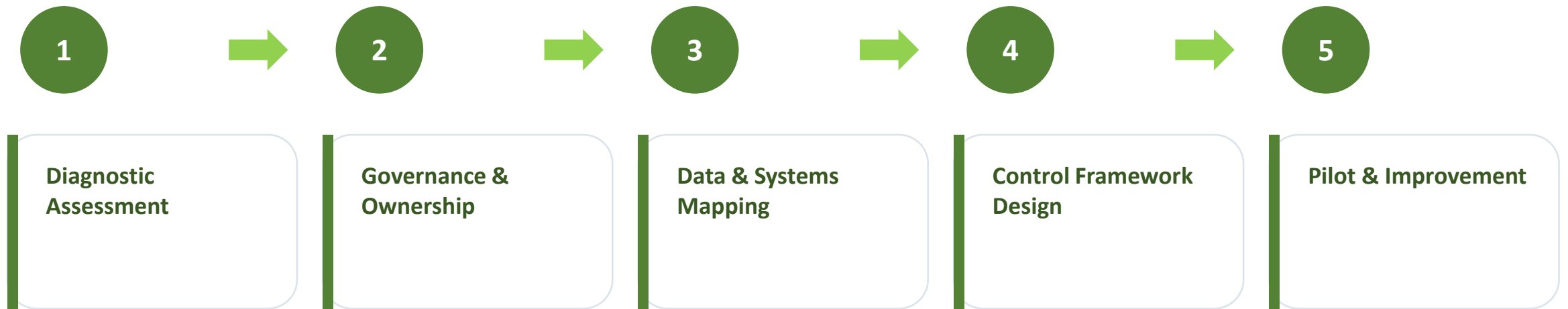
Reproducible?

Can the process be repeated consistently?

Comparable?

Is the data consistent period-on-period?

From Awareness to Implementation



Step 1: Gap Assessment

1

- Compare current state against SRG 1 and IFRS S1/S2
- Identify missing disclosures
- Assess data gaps and process weaknesses

Output

A clearer path from current state to readiness

Step 2: Define Ownership

2

- Assign clear accountability
- Establish an ESG steering structure
- Define reporting lines and escalation protocols

Output

A clearer path from current state to readiness

Step 3: Understand Your Data

3

- Identify all sustainability-related data sources
- Assign data owners
- Map data flows across finance, operations and ESG metrics

Output

A clearer path from current state to readiness

Step 4: Build the Control Framework

4

- Design validation mechanisms
- Implement review processes
- Set documentation and evidence standards

Output

A clearer path from current state to readiness

Step 5: Test Before Reporting

5

- Conduct a mock reporting exercise
- Identify failure points
- Refine processes before full reporting

Output

A clearer path from current state to readiness

What Good Looks Like



**Success will not be driven by the best narrative
— but by the strongest data, systems
and controls.**

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Dr. Abubakar Razaq is currently Head of Sustainability Reporting Regulations in the Financial Reporting Council. Dr Abdurazaq Holds a PhD in Accounting from Nasarawa State University, Keffi. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) as well as a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN). Prior to joining FRC, Dr Razaq has had a diverse cognate work experience in the financial services industry, private and public sectors of the economy, which spanned a post qualification period of 15 years with reputable companies, including FCMB Bank Plc, Sterling Bank Plc, Nigerian Medicinal Plants Development Company Limited and Adeshina Yinusa & Co. (Chartered Accountants). From his experience, he carved a niche for himself in Financial Reporting, Audit and Assurance, Regulatory Compliance and Sustainability Reporting.

Dr Razaq's flair and interest in technical writing and academic research has culminated into publications of more than twelve (12) papers in reputable international journals in the areas of sustainable development research and sustainability reporting.

Dr Razaq is the Secretary of Adoption Readiness Working Group (ARWG) for Sustainability Reporting in Nigeria and drives Sustainability Reporting implementation at the FRC.

Speaker's Profile



Dr. Abdulrazzaq Abubakar
Principal Manager/Head Sustainability
Reporting Regulations Department

OPEN FLOOR

Questions & *Discussion*

Reach out to the team after this session:

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Stransact Chartered Accountants

Thank you for joining.