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Proposed mandatory sustainability reporting

Background

General ESG and sustainability disclosures are largely still voluntary for most companies in South Africa. The Johannesburg Stock Exchange provides voluntary sustainability and Climate Disclosure Guidance aligned with international frameworks.

It seems that the Department of Trade, Industry and Competition (DTIC) is considering mandatory sustainability reporting under the IFRS Sustainability Disclosure Standards for South African companies listed on the JSE (possibly using the PI score), as well as public interest entities such as banks and insurers; and companies that exceed certain size or revenue thresholds. The recommendation is that South Africa adopts IFRS S1 and S2 with limited transition. The IFRS S1 outlines general sustainability disclosure requirements, while IFRS S2 focuses specifically on climate-related disclosures. Companies reporting under these standards must disclose how they govern and manage sustainability risks and opportunities, their strategic response, and the metrics and targets they use to monitor progress.

Agbiz attended a workshop on the proposed mandatory reporting framework on 11 September 2026. The workshop was hosted by the NBI, DTIC and the Companies and Intellectual Property Commission. Copies of the presentations made at the workshop are available on request.

Establishment of National Adoption Readiness Working Group on Sustainability Reporting

The Commissioner of the Companies and Intellectual Property Commission (CIPC) supported by the Department of Trade, Industry and Competition; has established a National Adoption Readiness Working Group on Sustainability Reporting (ARWG). The aim of this working group is to facilitate alignment between existing reporting frameworks and the International Sustainability Standards Board (ISSB) standards to deepen regulatory coherence across financial, non-financial, and sustainability disclosures and collectively recommend a structured, practical approach for implementation that enhances market confidence and comparability of sustainability data.

The working group will conduct public consultations on draft National Adoption Roadmap and the draft Policy Framework for Sustainability-related Disclosure Standards in South Africa.

Readiness to comply?

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A 2025 Alexforbes-CIPC Sustainability Reporting Sentiment Survey[1] drew on responses from across the South African market and found that only 28.4% of organizations feel ready to comply with anticipated mandatory reporting requirements. This survey was taken into account in the Regulatory Impact Assessment (RIA) commissioned by the Department of Trade, Industry and Competition, which considers whether and how mandatory sustainability reporting should be introduced in South Africa.

The kind of hurdles identified by the Alexander Forbes study include:

- Difficulties in collecting reliable non-financial data and severe internal resource constraints.
- A lack of specialized expertise and training in interpreting complex sustainability standards.
- High compliance costs and intricate reporting frameworks for Scope 1, 2, and 3 emissions.

Way forward

There is an opportunity for stakeholders to comment on the proposed policy framework. The envisaged timeline is to finalise the policy in 2026 and to pass legislation between 2026 and 2028 that will make sustainability disclosures mandatory.

Annelize Crosby

[1] https://invest.alexforbes.com/za/en/corporate/pdf/brochures/national-sustainability-reporting-sentiment-survey-south-africa-headline-results-report-final-20250722-opt.pdf

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