For immediate release

African company directors may fail in their legal duty if they do not manage nature-related risks, report finds

New legal analysis in Kenya, South Africa and Nigeria shows integrating nature risk is not optional ESG but a core fiduciary duty that can inform better business decisions.

Nairobi / Lagos / Johannesburg, 16 July 2026 — Company directors in some of Africa's largest economies are being warned that they may have an existing legal duty to consider the impact of their company's operations on nature, reinforcing the importance of proactive governance.

The report, *Directors' Duties and Nature-Related Risk in Africa*, published by the Commonwealth Climate and Law Initiative (CCLI), FSD Africa and the African Natural Capital Alliance (ANCA), analysed existing legal and governance frameworks in three of Africa's leading economic hubs: **Kenya, South Africa and Nigeria**.

It found that across all three, directors must consider nature-related risks—including biodiversity loss, water scarcity and land degradation—as part of their duty of care and duty to promote the success of the company. Directors who fail to do so may be exposing their companies—and themselves—to legal, financial and reputational consequences, while those who proactively integrate nature into their strategies are better positioned to capture long-term value and strengthen business resilience, concludes the report. All three countries have legal systems either based on or heavily influenced by English common law and the report's findings could have implications for other common law jurisdictions across Africa such as Uganda and Zimbabwe.

Africa's economies highly exposed to nature loss

The report demonstrates how African economies and financial systems are disproportionately vulnerable to nature-related risks, highlighting that:

- **62% of Africa's GDP is moderately or highly dependent on nature**
- A 2024 nature stress test across five African banking systems (Morocco, Rwanda, Zambia, Ghana and Mauritius) found cumulative expected credit losses could rise by **up to 21% by 2050** if no nature-positive actions are taken.
- In South Africa, **35% of corporate bank lending** is concentrated in highly nature-dependent sectors.

This structural dependence means African companies are particularly exposed to risks such as water scarcity, ecosystem collapse, and extreme weather—risks that are increasingly financially material.

"Africa stands at a defining moment. Across our continent, the extraordinary wealth of our natural world has long underpinned the livelihoods of hundreds of millions of people and the commercial foundations of entire economies. Today, that natural wealth is under unprecedented pressure. And

the question this paper poses, directly and without equivocation, is one that every company director in Africa must now answer: are we governing our organisations in a way that recognises this reality," said **Dr James Mwangi, Group CEO Equity Group Holdings and member of the ANCA Governing Council**.

Regulation, disclosure and litigation risks accelerating

The report warns that directors also face a rapidly evolving risk landscape, with:

- Growing adoption of global disclosure frameworks such as the Taskforce on Nature-Related Financial Disclosures (TNFD) and the International Financial Reporting Standards (IFRS) S1 and S2 baseline standards for corporate sustainability reporting
- New regulations including the EU Deforestation Regulation (EUDR).
- Rising climate and environmental litigation across Africa. Among the companies facing legal action over their environmental impact are Shell in Nigeria, TotalEnergies in South Africa and the East African Crude Oil Pipeline (EACOP).

Together, these trends are **raising the evidential bar for directors**, increasing scrutiny over whether they have adequately identified and managed nature-related risks. They also highlight the importance of understanding nature-related issues as part of effective long-term governance and strategy.

Nigeria, Kenya and South Africa show convergence in law

While legal frameworks differ, the report shows strong convergence among the three focus countries:

- In **Nigeria** the main legislation on corporate governance, the Companies and Allied Matters Act 2020 (CAMA), explicitly requires directors to consider environmental impacts.
- In **Kenya**, a director who fails to adequately manage a foreseeable and financially material nature risk could be held liable for breaching their duties under the Kenyan Companies Act 2015.
- There is a similar risk to directors in **South Africa** from a combination of the Companies Act 71, 2008, the National Environmental Management Act, 1998, the Bill of Rights and the King IV Report on Corporate Governance in 2016.

All three reach the same conclusion: nature-related risk is not a future regulatory concern but **a present-day legal obligation.**

"There is a substantial body of legal analysis on how nature-related risk intersects with directors' duties but Africa - whose economies depend most directly on nature - was largely missing from that picture. This report brings that work into view. Directors in Kenya, South Africa and Nigeria now have a clear, jurisdiction-specific account of what their existing duties require, and boards that take this seriously at an early stage will be better placed to navigate the risks and make the most of the opportunities ahead," said **Natalie Shippen. Executive Director at CCLI**.

Opportunity as well as risk

The report also reframes nature-related governance as not just a duty of care, but as an opportunity to **access to capital,** citing several recent examples such as:

- The world's first commercial bank **Nature Bond (Ecobank, 2026)**
- Innovative instruments such as **water performance bonds** and other nature financing instruments

These demonstrate how integrating nature into governance can unlock **access to capital and new investment flows**, not just reduce risk.

"This report provides a practical roadmap for boards and regulators to integrate nature into governance—and to do so in a way that manages and mitigates risk while supporting growth and access to capital," said **Dorothy Maseke, Head of Secretariat, the African Natural Capital Alliance** and Lead Nature Finance at FSD Africa.

Calls to action for directors, investors and legal advisers

The report urges:

- **Directors** to treat nature-related risk as a core strategy and governance issue, not an ESG add-on
- **Investors** to integrate nature risk into lending, investment and underwriting decisions
- **Legal advisers** to ensure clients understand that assessing nature-related risk is a component of discharging existing directors' duties

Moving from legal analysis to action

The findings will be presented at a pan-African webinar on **22 July 2026**, bringing together leaders from business, finance and law to accelerate implementation across the continent.

Media contacts

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Notes to editors:

- The report *Directors' Duties and Nature-Related Risk in Africa* is published by Commonwealth Climate and Law Initiative (CCLI), FSD Africa and the African Natural Capital Alliance (ANCA) and is the first Africa-specific analysis of nature and directors' duties under existing law.

- Full report available at: https://africannaturalcapitalalliance.com/natural_resource/directors-duties-and-nature-related-risk-in-africa/

About FSD Africa

FSD Africa is a specialist development agency making finance work for Africa's future. We work with governments, regulators, and financial institutions across 30 countries to strengthen markets, shape policy, and mobilise capital into opportunities supporting growth, climate resilience, the clean energy transition, and nature-positive development. Supported by the UK Government alongside philanthropic and development partners, we also deploy catalytic capital through our investment arm, FSD Africa Investments.

For more information, please visit: https://www.fsdafrica.org

About the African Natural Capital Alliance (ANCA)

The African Natural Capital Alliance (ANCA) is the continent's leading platform for nature-positive finance. Established by FSD Africa, ANCA brings together more than 150 member institutions - representing over £1 trillion in net assets across 45 countries - that are reshaping how finance integrates nature into policy and investment decisions.

Find out more at: African Natural Capital Alliance.

About CCLI

The **Commonwealth Climate and Law Initiative** (CCLI) is an independent non-profit that connects climate science and economics with existing law to clarify what corporate and investment governance requires in practice. Founded by the University of Oxford's Smith School of Enterprise and the Environment, ClientEarth, and Accounting for Sustainability, CCLI brings together academia, lawyers, industry, and civil society in a uniquely multidisciplinary collaboration.

Through rigorous legal research and practical tools, CCLI examines the legal duties of directors, officers, trustees and investor fiduciaries – across more than 34 jurisdictions – to consider, manage, and report on climate change and nature-related risks, opportunities and impacts, and the circumstances in which there may be liability for failing to do so. Working with over 100 independent legal experts worldwide, CCLI builds an authoritative evidence base on the requirements of company and trust law as it relates to the climate and nature crises, and translates that analysis into guides and resources that enable effective, sustainable governance.