



(NBAA)

**THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA**



TECHNICAL PRONOUNCEMENT NO. 1 OF 2024

**ADOPTION AND IMPLEMENTATION OF SUSTAINABILITY REPORTING
STANDARDS IN TANZANIA**

Introduction

The NBAA Governing Board during its 192nd meeting held on 29th September, 2023 approved the adoption of Sustainability Reporting Standards to be implemented in Tanzania with effect from 1st January 2024. This was followed by the official launching of the adoption of Sustainability Reporting on 18th October, 2023 in Dar es Salaam.

Two standards in issue at the moment are the IFRS S1 *General Requirements for Disclosure of Sustainability-Related Financial Information* and IFRS S2 *Climate Related Disclosures*, issued by the International Sustainability Standards Board (ISSB) in June 2023 with the implementation date of 01st January 2024.

The aim of the standards is to support the Governments towards the 2030 Sustainable Development Goals (SDGs) implementation journey and ensure that private and public sector entities are reporting their contribution towards the implementation of the SDGs.

Following the adoption of IFRS Sustainability Disclosure Standards, the National Board of Accountants and Auditors (NBAA) made minor amendments to the Tanzania Financial Reporting Standard 1 (TFRS 1). The objective of the minor amendments is to incorporate sustainability-related financial information and climate-related disclosures in the report by those charged with governance, the report which accompany the financial statements.

Category of entities and mandatory adoption date

The ISSB Standards are mandatory for all Public Interest Entities (PIE) *as defined in the NBAA Technical Pronouncement No. 1 of 2018* and all Public Sector Entities. Other entities not falling within those two categories are encouraged to comply with these standards.

Reporting entities not in the category of Public Interest Entities or Public Sector are encouraged to adopt the standards to improve their reporting to stakeholders.

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Compliance with IFRS Sustainability Disclosure Standards

Para 72 of the IFRS S1 *General Requirements for Disclosure of Sustainability-Related Financial Information* requires that an entity whose sustainability-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards shall make an explicit and unreserved statement of compliance. An entity shall not describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards.

The comparative information disclosed in respect of the preceding period for all amounts disclosed in the reporting period, including comparative information for narrative and descriptive information, will be useful for an understanding of the sustainability-related financial disclosures and climate-related disclosure for the reporting period.

Where an entity complies with all the requirements set out in the TFRS 1 including IFRS sustainability standards, that entity will be required to make an explicit and unreserved statement of compliance in its report by those charged with governance. An entity shall not describe its report by those charged with governance as complying with the TFRS 1 and sustainability standards unless it complies with all the requirements set out in these standards

External Auditors Responsibilities on Sustainability Disclosures

As the sustainability disclosures will be incorporated in the report by those charged with governance, it will form part of other information accompanying audited financial statements. The objectives of the auditors, having read the sustainability disclosures, will be to consider whether there is a material inconsistency between the sustainability disclosures and the financial statements; to consider whether there is a material inconsistency between the sustainability disclosures and the auditor's knowledge obtained in the audit; to respond appropriately when the

auditor identifies that such material inconsistencies appear to exist, or when the auditor otherwise becomes aware that sustainability disclosures appears to be materially misstated; and to report in accordance with International Standards on Auditing (ISA) 720 *The Auditor's Responsibilities Relating to Other Information*.

It will therefore be the responsibility of external auditors to consider the adequacy of the 'explicit and unreserved statement of compliance' with IFRS sustainability disclosure standards, if included in the report by those charged with governance.

Effective Date

The mandatory adoption date for all Public Interest Entities (PIE) is the period beginning on or after January 1, 2025. Early adoption is encouraged.

The Board recognizes the fact that sustainability reporting standards for public sector entities are yet to be issued by the International Public Sector Accounting Standards Board (IPSASB). The Board will review and decide on the mandatory adoption date in Tanzania when the standards are issued by the IPSASB. However Public Sector Entities are encouraged to apply the currently issued sustainability standards (IFRS S1 & S2).

We encourage all stakeholders to familiarize themselves with the changes and begin preparing for the implementation of the sustainability reporting standards.

The attached appendix indicates roadmap for implementation of sustainability reporting standards in Tanzania.

For further information and clarification please contact:

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