(NBAA)

THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

TANZANIA

TECHNICAL PRONOUNCEMENT NO. 1 OF 2026

AMENDMENT OF TECHNICAL PRONOUNCEMENT NO. 1 OF 2024 ON PREPARATION OF STAND-ALONE SUSTAINABILITY REPORTS AND IMPLEMENTATION READINESS FOR ISSA 5000

1. INTRODUCTION

The Accountants and Auditors (Registration) Act Cap. 286 [R.E 2002] empowers the National Board of Accountants and Auditors (NBAA) to issue accounting and auditing standards and guidelines as appropriate and ensure compliance with those standards and guidelines by its members and other stakeholders.

In 2024, NBAA issued a Technical Pronouncement No. 1 of 2024 on the Adoption and Implementation of Sustainability Reporting Standards in Tanzania. The Technical Pronouncement approved the adoption of the IFRS Sustainability Disclosure Standards, namely, 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), with mandatory adoption by Public Interest Entities (PIE) and Public Sector Entities for periods beginning on or after 1st January, 2025. The Technical Pronouncement further provided a roadmap outlining the phased implementation milestones for entities adopting the standards.

Having considered the progress made by reporting entities and the need to enhance the visibility, comparability and quality of sustainability-related disclosures, and further recognizing the need to broaden the scope of application of sustainability reporting in Tanzania, NBAA hereby issues this Technical Pronouncement No. 1 of 2026 to amend the Technical Pronouncement No.1 of 2024 in the manner set out below.

2. SUSTAINABILITY DISCLOSURE REQUIREMENTS

2.1 Disclosure in the Report by Those Charged with Governance

All reporting entities shall continue to make their sustainability disclosures within the report by those charged with governance accompanying the financial statements. These disclosures shall:

(a) be clearly identifiable by users, by being placed after the report by those charged with governance under the proper heading “Sustainability Disclosures”;

(b) cover the same reporting period as the entity’s general purpose financial reports; and

(c) be cross-referenced to related sustainability information appearing in any other report of the entity (e.g. the financial statements or, where applicable, the separate Sustainability Report described in 2.2), to avoid duplication.

2.2 Option to Prepare a Separate Sustainability Report

A reporting entity may, in addition to the disclosures required under 2.1, prepare a separate, stand-alone Sustainability Report, provided that:

(a) the disclosures required under 2.1 remain clearly identifiable within the report by those charged with governance and are not omitted, diminished or replaced on account of the separate report;

(b) the separate report is prepared in accordance with IFRS S1 and IFRS S2 (and any other sustainability standard subsequently adopted by NBAA) and is cross-referenced appropriately to, and from, the report by those charged with governance; and

(c) the reporting period and publication timing of the separate report are consistent with the entity's financial statements.

3. OBLIGATIONS OF PUBLIC SECTOR ENTITIES

Public sector entities shall continue to apply the sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB), namely, IFRS S1, IFRS S2 and any subsequently issued standards until when relevant standards for public sector have been issued and become effective and shall comply with the disclosure requirements under Section 2 of this Pronouncement.

Public sector entities will be required to adopt Sustainability Reporting Standards issued by the International Public Sector Accounting Standards Board (IPSASB) once such standards become available and effective.

4. CONTINUED APPLICATION OF THE TECHNICAL PRONOUNCEMENT NO. 1 OF 2024

Save as amended herein, all other provisions of the Technical Pronouncement No.1 of 2024, including the responsibilities of external auditors on sustainability disclosures and the implementation roadmap, shall continue to apply in full force. This Technical Pronouncement shall be read together with the Technical Pronouncement No. 1 of 2018 and the Technical Pronouncement No. 1 of 2024.

5. IMPLEMENTATION OF ISSA 5000 IN TANZANIA

In November 2024, the International Auditing and Assurance Standards Board (IAASB) issued the International Standard on Sustainability Assurance 5000 – General Requirements for Sustainability Assurance Engagements (ISSA 5000), the first globally applicable standard governing both limited and reasonable assurance engagements over sustainability information. IAASB has set an effective date of periods beginning on or after 15th December 2026, with early application being encouraged and permitted.

Pending NBAA's announcement of the effective date for sustainability assurance in Tanzania, and on a continuing basis thereafter:

(i) External auditors are required to continue complying with the Technical Pronouncement No. 1 of 2024 which require them to use International Standards on Auditing (ISA) 720 'The Auditor's Responsibilities Relating to Other Information" in auditing and reporting any material inconsistency between the sustainability disclosures and the financial statements; any material inconsistency between the sustainability disclosures and the auditor's knowledge obtained in the audit or when the auditor otherwise becomes aware that sustainability disclosures appears to be materially misstated.

(ii) Reporting entities, including public sector entities, are required to conduct a comprehensive readiness assessment to evaluate their preparedness for sustainability disclosures that will be subject to assurance engagements. The assessment shall identify gaps in governance, internal controls, systems, data quality, reporting processes, policies, competencies, and other relevant areas. Reporting entities shall implement appropriate measures to address the identified gaps and strengthen their readiness to support the assurance requirements over their sustainability disclosures.

(iii) Auditing firms are required to conduct a comprehensive readiness assessment to evaluate their preparedness to undertake sustainability assurance engagements. The assessment shall identify gaps in technical competence, quality management systems, methodologies, tools, manpower, and other resources. Audit firms shall implement appropriate measures to address the identified gaps, including strengthening technical capacity, enhancing quality management systems, and developing sufficient competent personnel, to support the assurance requirements over sustainability disclosures in accordance with ISSA 5000.

6. EFFECTIVE DATE

This Technical Pronouncement No. 1 of 2026 shall be effective for annual financial reporting period beginning on 1st January 2027. Early adoption is encouraged.

7. APPROVAL

This Technical Pronouncement was approved by the NBAA Governing Board at its 202nd Ordinary Meeting held on 30th July 2026.

For further information and clarification please contact:

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