



# **INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA (ICAG)**

## **PRESS RELEASE**

### **IFRS SUSTAINABILITY DISCLOSURE ADOPTION ROADMAP FOR GHANA**

By the authority conferred under Section 127(5)(b) of the Companies Act 2019 (Act 992), Institute of Chartered Accountants, Ghana (ICAG) is mandated to adopt and approve standards for financial reporting for all companies.

ICAG, announced its adoption of the International Financial Reporting Standards (IFRS) S1 and S2 in 2023, and on 28th March 2024, it approved a roadmap for a phased approach to the adoption and implementation of IFRS Sustainability Disclosure Standards in Ghana. This phased approach is being adopted based on the following considerations:

1. For most companies incorporated in Ghana, the concept of sustainability reporting is new. Hence there will be the need for sensitization, capacity building, and reskilling of those who have some form of sustainability reporting experience to enable them to understand and implement the IFRS Standards effectively.

2. Some entities in Ghana, either by voluntary means or through directives issued by their regulators, prepare sustainability reports. A mandatory adoption of the standard for the first year of application, in 2024 may be too early to harmonize existing reporting frameworks with the IFRS S1 and S2, and transition to common standards for all reporting entities, and

3. There is the need for entities to carry out certain preparatory tasks in advance of implementation of the IFRS sustainability standards such as establishing appropriate sustainability governance structures, controls, and systems to generate the required data and sustainability information to be disclosed. These processes require time to undertake.

Consequently, the ICAG has adopted a three-phased approach to Ghana's IFRS sustainability standards implementation roadmap. The phases are as set out below.

**Phase 1: Voluntary Adoption/Implementation:** This phase covers reporting entities who elect on their own to report sustainability disclosures ahead of the mandatory adoption date set out in this roadmap.

The voluntary adoption/implementation phase will be for the accounting period beginning on or after January 1, 2024 (i.e., the effective date of the standard), and through to the accounting period ending on or before December 31, 2026. Companies who elect to be part of this phase should complete a readiness assessment by August 30, 2024. The readiness assessment is to ascertain the preparedness of such companies to adopt the standards.

**Phase 2: Mandatory Adoption:** This phase will commence at the expiration of the voluntary adoption period for entities under this category. This Phase will be categorized into two groups, namely "Significant Public Interest Entities" and "Other Mandatory Adopters".

For the purposes of this roadmap, Significant Public Interest Entities (SPIEs) comprise, listed entities on any recognised exchange in Ghana; non-listed entities that are regulated (specifically banks and insurance companies, pension schemes); public limited companies; and private companies that are holding companies of public or regulated entities.

This phase also includes oil and gas upstream exploration; development and production companies issued with petroleum agreements; mining exploration and production companies; oil and gas refineries; automobile production companies; cement manufacturing companies; and power generation companies other than those generating power through renewable sources.

**The mandatory adoption date for this category of entities within the Significant Public Interest Entities (SPIEs) is the period beginning on or after January 1, 2027.**

For the purposes of this road map, Other Mandatory Adopters (OMAs) comprise, all other companies incorporated under the Companies Act, 2019 (Act 992) except those classified in this road map as (a) SPIEs; (b) Government Organizations (excluding State-Owned Enterprises Reporting under IFRS); and (c) Non-Mandatory Companies (defined below).

**The mandatory adoption date for this category of entities within the Other Mandatory Adopters (OMAs) is the period beginning on or after January 1, 2028.**

Another category of entities, for the purposes of this roadmap, are referred to as “Non-Mandatory Companies.” They are not required to mandatorily adopt the sustainability disclosure standards. Such entities are encouraged to adopt the standards to harness its potential benefits.

An entity in this category may not have public accountability and:

a) does not have its debt or equity instruments traded in a public market.

b) is not in the process of issuing its debts or equity instruments for trading in a public market.

c) does not hold assets in a fiduciary capacity for a wide group of non-equity holders as one of their primary businesses. its annual revenue is not more than **GHS50 million** in the last two consecutive years to its current year or total assets of **GHS40 million** in the year immediately preceding its current year as per the entity’s financial statements or such amount as may be determined by the Council of ICAG.

**Phase 3:** Government and Not-for-Profit Organisations (i.e., organisations required to apply IPSAS accounting framework). The Council of ICAG recognises 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 Council of ICAG will review and decide on the mandatory adoption date in Ghana when the standards are issued by the IPSASB.

### **Transition Reliefs**

Several transition measures and reliefs have been provided by the International Sustainability Standards Board (ISSB) to assist preparers with the implementation of the standards. All entities set out in this roadmap to adopt the standards are allowed to apply these measures and transition reliefs provided by the ISSB.

Details of these measures and reliefs are published on the ISSB page via the IFRS Foundation website, <https://www.ifrs.org>. Preparers are encouraged to visit the page for details of the IFRS sustainability standards, the SASB standards, and other supporting guidance and reliefs provided.

### **Disclosure of Sustainability Information**

Reporting entities should incorporate their IFRS sustainability disclosure information in their annual report. To ensure consistency, the IFRS sustainability disclosures should be presented after the directors’ report but before the independent statutory auditor reports on the entity’s financial statements. In addition, a statement of the responsibilities of the directors regarding the sustainability disclosures should be included in the directors’ report in the annual report of reporting entities. The sustainability disclosures section in the annual report should be signed by two directors of the reporting entity and the Chief Sustainability Officer (or other persons designated to perform such a function in the entity).

### **Referencing**

The title to the sustainability-related financial information disclosure and its corresponding page number should be included in the table of contents or reference table in the annual report of reporting entities for ease of navigating to the information disclosed.

### **Reporting Timelines**

The timelines for reporting on sustainability-related disclosures should be consistent with the timing of an entity’s financial statements. For the avoidance of doubt, reporting entities in Ghana are required to report their sustainability-related disclosures at the same time as their financial statements for the period under consideration. The period covered by the sustainability disclosures should be the same reporting period as the related financial statements subject to the exemption or transition reliefs provided in this roadmap and/or under IFRS S1 and IFRS S2 at the time of adoption/implementation.

### **Comparative Information**

Subject to the reliefs provided in this roadmap

and/or under IFRS S1 and IFRS, preparers are required to disclose comparative information to the current period's sustainability disclosure information in their annual report.

### Statement of Compliance

Where an entity's sustainability-related financial disclosures comply with all the requirements set out in the IFRS sustainability standards, that entity will be required to make an explicit and unreserved statement of compliance in its sustainability report. An entity shall not describe its sustainability-related financial disclosures as complying with the IFRS sustainability standards unless it complies with all the requirements set out in the standards.

### Sustainability Assurance

The International Standard on Sustainability Assurance (ISSA 5000) being developed by the International Auditing and Assurance Standards Board (IAASB), is an overarching standard that covers all requirements for a sustainability assurance engagement. Based on the IAASB work plan, the ISSA 5000 is expected to be ready by the end of 2024. Timelines for mandatory assurance on sustainability disclosures would be mandatory for phase 1 of the proposed implementation roadmap.

It is important to note that obtaining an assurance report on sustainability disclosures in the first year an entity adopts/implements the standard would not be mandatory. This is because the reporting entity may still be in its transition phase and assessing the robustness or appropriateness of its governance systems and processes. Mandatory assurance on sustainability disclosures would commence from the second year, the entity adopts/implements the IFRS sustainability standards. Type of Assurance Report to be Issued on IFRS Sustainability Disclosures

The decision on the type of assurance report to be issued on IFRS Sustainability Disclosures is deferred until the ISSA standard is issued by the IAASB.

### Assurance on Sustainability-Related Financial Disclosures

Assurance on sustainability-related financial disclosures must be carried out by qualified and experienced independent assurance providers who possess the requisite professional qualifications approved by the Council of ICAG.

Comments or views from stakeholders can be shared per the following contact details:

**|Cell: 0276954720; 0244654329| Email: sustainability@icagh.com |**

### ISSUED BY COUNCIL OF ICAG



**SENA DAKE  
PRESIDENT, ICAG**

### About ICAG

Institute of Chartered Accountants, Ghana (ICAG) was established by an Act of Parliament, Chartered Accountants Act 1963, (Act 170). On the passage of the Institute of Chartered Accountants, Ghana, Act, 2020 (Act 1058) on 29th December 2020, Act 170 was repealed. The object of the Institute is to promote the study of accountancy; to regulate the accountancy profession and practice and to provide for related matters. Section 127 (5) b of the Companies Act, 2019 (Act 992), also requires companies to prepare their financial statements in compliance with International Financial Reporting Standards adopted by ICAG, or any other standards approved or adopted by the Institute. ICAG therefore has the regulatory mandate to approve, adopt, and promote the implementation of standards and its members are the only persons recognized under the Companies Act, 2019 (Act 992) to audit company accounts. It is governed by an eleven-member Council.