
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**41st SESSION
6 – 8 November 2024**

Wednesday, 6 November 2024

**Agenda item 3. Review of progress in harmonization and
practical implementation of sustainability reporting,
assurance and ethical consideration**

Presented by

Iheanyi O. Anyahara
Director

Directorate of Accounting Standards (Public Sector), Financial
Reporting Council, Nigeria

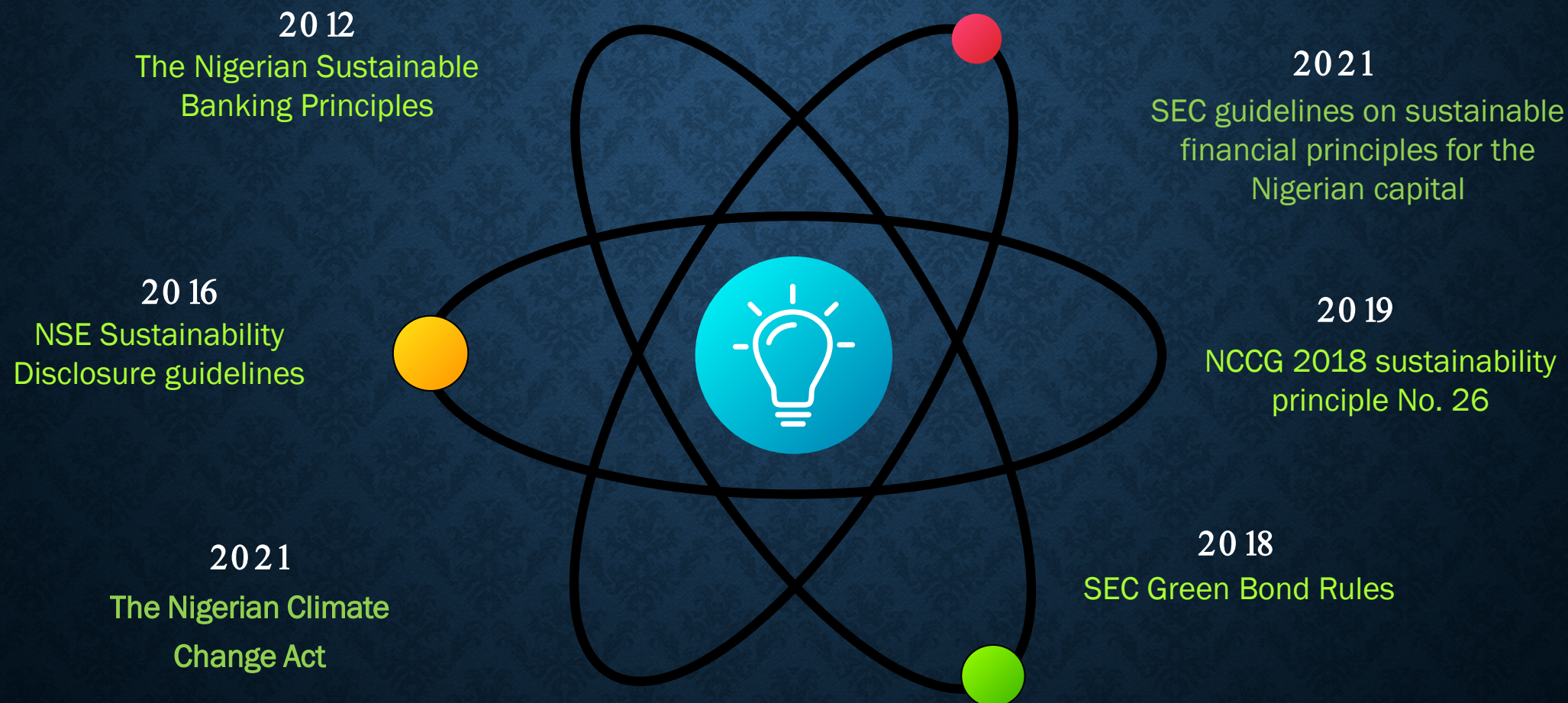
*This material has been reproduced in the language and form as it was provided.
The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*



The Nigerian Roadmap to Adoption of IFRS sustainability disclosure standards



Before IFRS sustainability disclosure standards



Local Development – Cop 27 Announcement



- On Tuesday, November 8, 2022 at Cop 27, the FRC announced the intention of Nigeria to early adopt IFRS S1 & S2.
- The announcement stated that FRC Nigeria is working in collaboration with Federal Ministry of Finance and other relevant regulators and professional accounting organisations, **to develop a strategy to raise awareness; engage stakeholders around the standards; and develop a roadmap for timely implementation in the Nigerian market.**

Local Developments - *Launch of IFRS S1 and S2*



- The FRC, ISSB and NGX Reg Co. launched the two ISSB Sustainability Disclosure Standards, IFRS S1 & S2 on Monday June 26, 2023.
- The landmark event, was held at the Nigerian Exchange Group House in Lagos.
- It was one of the many events hosted simultaneously to celebrate the launch by Stock Exchanges around the world including **Frankfurt, Montreal, London, Santiago de Chile, and Singapore.**
- Nigeria is the only country in Africa selected to co-launch same day globally.

The adoption readiness working group (ARWG)

- The ARWG for Sustainability Reporting in Nigeria was inaugurated by the Permanent Secretary, Federal Ministry of Industry, Trade and Investment (FMITI), Dr. Evelyn Ngige, on June 6, 2023, in Abuja.
- The ARWG is tasked with the role of developing a strategy to raise awareness, engaging stakeholders around the ISSB standards and developing a roadmap for timely implementation in the Nigerian market.
- The group is made of members from diverse backgrounds, including chief executives, chief sustainability officers, Auditors, sustainability reporting professionals, representatives of financial institutions, regulators, investors, and the academia.

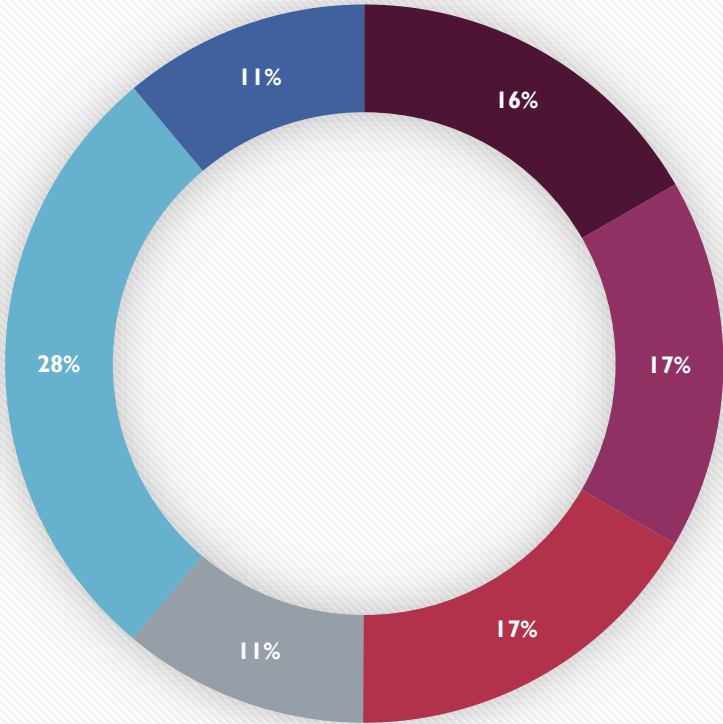


The Roadmap consultation process

- After several meetings, retreats, and deliberations by the ARWG, The draft roadmap report was unveiled by the Executive Secretary/CEO of the FRC on February 1, 2024, at the issuer's engagement forum at the Nigerian Exchange (NGX).
- The ARWG through FRC sought feedback on the proposed requirements in the draft roadmap to inform its deliberations and the consultation period ended on March 14, 2024.
- Comments are invited in the following critical areas - Reporting timelines; Reliefs; Location of disclosures; and Assurance Timelines



Respondents to the consultation



- Accounting/Auditing firms
- Professional Associations
- Individuals
- (Self) Regulatory Organisations
- Corporate Organisations
- Consulting firms

Stakeholder responses came from various stakeholder groups providing a wide perspective.

S/N	Respondents	Percentage (%)
1.	Accounting/Auditing firms	16%
2.	Individuals	17%
3.	Corporate Organisations	28%
4.	(Self) Regulatory Organisations	11%
5.	Professional Associations	17%
6.	Consulting firms	11%
Total		100%

The Reporting Timeline

Nigeria adopted a phased approach to the adoption of the IFRS Sustainability disclosure standards with full application of the mandatory reporting for applicable entities commencing from the accounting period beginning on or after January 1, 2028.

Phase 1:	Phase 2:	Phase 3:	Phase 4:
Early Adopters	Voluntary Adopters	Mandatory Adopters	Government & Govt. Organisations
(Dec, 31, 2023)	(2024 -2027)	<ul style="list-style-type: none">• All PIEs: 2028• SMEs: 2030	(To be determined)

Early Adopters

- The IFRS sustainability disclosure standards became effective for annual reporting periods beginning on or after January 1, 2024.
- Four entities in Nigeria under the first phase have published their first sustainability reports using IFRS S1 and S2. The entities which are categorized in Phase I of the adoption roadmap are MTN Nigeria Plc, Seplat Energy Plc, Access Bank Plc and Fidelity Bank Plc.
- The Council has to publicly acknowledge them through a congratulatory message on three national daily newspapers.
- Our Council has received from two entities their first set of Adoption Readiness Test and believe many more will join for the next phase of voluntary adopters.

Readiness Test Assessment

- Readiness test assessment will be conducted to ascertain the preparedness or otherwise of entities to adopt the IFRS sustainability disclosure standards.
- The roadmap report specifies the necessary to be submitted by reporting entities and the timeline for submission to the FRC for the assessment.
- The FRC would review these documentation and provide appropriate feedback as necessary.
- The readiness test assessment is compulsory for all entities irrespective of the phase.

Transitional reliefs

- The following transitional reliefs as provided in IFRS S1 and IFRS S2 allow entities to deviate from some disclosure requirements when the standards are first applied.
- Reporting entities in Nigeria are allowed to apply the following transition reliefs;
 - I. Climate-first reporting*
 - II. Scope 3 GHG emissions*
 - III. Timing of reporting*
 - IV. Comparative reporting*
 - V. GHG Protocol*
 - VI. Location of disclosures*

Assurance

Third and Fourth Years after Reporting	Fifth Year After Reporting	Sixth Year After Reporting
<ul style="list-style-type: none">Limited assurance/verification of S1 and S2 disclosures (excluding scope 3 emissions, scenario analysis and transition plans).	<ul style="list-style-type: none">Reasonable assurance/verification of S1 and S2 disclosures (excluding scope 3 emissions, scenario analysis and transition plans).Limited assurance/verification of scope 3 emissions, scenario analysis and transition plans.	<ul style="list-style-type: none">Reasonable assurance/verification of all disclosures (full quantitative assurance).

Assurance

- Assurance will be based on ISAA 5000 (Proposed International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements) currently being developed by the International Auditing and Assurance Standards Board (IAASB) to address both limited and reasonable assurance.
- Assurance/verification of sustainability disclosures is expected to be carried out by a qualified and experienced independent provider who are independent of the entity being audited in accordance with the International Ethics Standards Board for Accountants (IESBA) code and possess requisite professional qualifications and knowledge of assurance processes as may be required by the FRC.

Monitoring of sustainability disclosures

- The responsibility for monitoring and enforcement of sustainability disclosures rests with the Financial Reporting Council of Nigeria.
- The enforcement action of the FRC will be initially focused on supporting and guiding entities as they navigate their way in implementing the standards. It is not expected that the FRC will apply sanctions especially at the early stage of adoption.
- Regulatory roundtable will be held to develop a framework that will specify the roles and responsibilities of other relevant regulators and stakeholders in the adoption process to ensure synergy and harmonization of efforts.

Sub-Working Groups 4 Thematic Areas

Capacity Building Curriculum

Aim to map and segment stakeholders and adopt a tailored continuous engagement approach

Adoption and Implementation

Conduct diagnostics and advice on critical implementation timelines and upskilling requirements

Awareness and Advocacy Promotion

Aim to educate the market to ensure there is an understanding of the standards

Digital Taxonomy

Support the FRCN in its efforts to raise funding for initiatives that will assist with the implementation of standards including unique initiatives like the implementation of ISSB digital taxonomy



Conclusion

- We at the Financial Reporting Council of Nigeria are committed and making serious efforts to ensure seamless and effective adoption of ISSB standards
- We really delighted with the conclusion of ISSA 5000 and its approval on September 20, 2024, as well as the approval of the Exposure Draft for public sector sustainability reporting standard coincidentally on the same September 20, 2024, by the International Public Sector Accounting Standards Board (IPSASB).
- Obviously the global collaboratively efforts are the most required positive results. We therefore really need support from ISSB, and other relevant agencies to sustain our momentum towards maintaining our leadership in this journey
- Together we can achieve this.



Thank You

