	ACTION	RESPONSIBILITY	DATE
1	Developed	Secretariat	Mar 2025
2	Reviewed & Discussed	Selected Exposure	
3	Reviewed & Discussed	Uganda Sustainability Reporting Committee	
4	Reviewed & Discussed	Validation Engagement	
5	Approved	Council	

Promoting Professionalism in Accountancy

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

ROADMAP FOR ADOPTION OF SUSTAINABILITY DISCLOSURE STANDARDS - UGANDA

MARCH 2025

Plot 42 Bukoto Street, Kololo, P.O. Box 12464, Kampala, UGANDA
Tel: 041-4540125
standards@icpau.co.ug
www.icpau.co.ug

TABLE OF CONTENTS

ABOUT ICPAU

The Institute of Certified Public Accountants of Uganda (ICPAU) was established in 1992 by the Accountants Act, Cap 266. This has now been repealed and replaced by the Accountants Act Cap. 294.

The functions of the Institute as prescribed by the Act are to regulate and maintain the Standard of Accountancy in Uganda and to prescribe and regulate the conduct of accountants and practising accountants in Uganda. Under its legal mandate, the Institute prescribes professional standards to be applied in the preparation and auditing of financial reports in Uganda.

Vision

A globally recognised promoter of accountants for sustainable economies.

Mission

To develop and regulate accountants for professional excellence and sustainable impact.

Core Values

1) Professional Excellence
2) Accountability
3) Integrity
4) Responsiveness

International Affiliations

The Institute is a member of the International Federation of Accountants (IFAC) and the Pan African Federation of Accountants (PAFA).

ACRONYMS

EXECUTIVE SUMMARY

Following years of increasing demand for enhanced transparency about Environmental Social and Governance (ESG) matters from potential and existing investors, lenders, creditors and other stakeholders, regulators and standard setters in various jurisdictions issued definitive proposals to transform ESG reporting. The emergence of the IFRS Sustainability Disclosure Standards, a global baseline on sustainability disclosures is now in a common defined direction.

The Institute of Certified Public Accountants of Uganda (ICPAU) announced its adoption of the IFRS Sustainability Disclosure Standards (IFRS) S1 and S2 on 4 September 2024. The adoption is intended to follow a phased approach as seen below.

Phase	**Timelines - (accounting period beginning on or after)**	**Entities Involved**
Phase 1 Voluntary Adoption	1 January 2026	▪ All entities
Phase 2 Mandatory Adoption	1 January, 2028	▪ Listed Entities ▪ Financial institutions including micro-finance deposit-taking institutions ▪ Insurance & Re-insurance entities ▪ Savings & Credit Cooperative Organisations ▪ Public utility entities reporting using IFRS Accounting standards
	1 January, 2029	▪ A Retirement Benefit Scheme, a large company and all other PiEs otherthan those already mentioned above.
	1 January, 2030	Small and Meium Entreprises (SMEs)
Phase 3: Governments & other government organizations	To be determined by ICPAU	Governments and other Government organizations

A staggered adoption approach is preferred to give priority to entities in the phase of mandatory adoption as these are deemed to be well resourced, but also of great interest to the investors. Reporting Entities will be expected to perform a readiness test to establish their level of appreciation of the requirments of the IFRS Sustainability Disclosure Standards on such areas like Governance and leadership, stakeholder engagement nd communication, risk management among others.

As demand for sustainability information continues to expand, there is a pressing public interest need to ensure that such information is trustworthy and comparable, and therefore capable of being subject to assurance. The Roadmap provides for an assurance approach for sustainability informationin in a phased manner ranging from limited assurance, reasonable assurance with limited scope 3 emission to full reasonable assurance.

Due to public interest in sustainability information Sustainability Assurance Providers are expected to be subjected to same high standards of ethical behavior and independence as those that apply to audits of financial statements. For a successful implementation of the standards, the Roadmap provides for active involvement of ICPAU and other regulatory bodies such as BoU, CMA and other stakeholders by way of providing guidance, monitoring & support but also enforcement of the requirements of the standards.

It is hoped that a phased approach to adoption of the IFRS Sustainability Disclosure Standards will ensure credible, quality and trustworthy sustainability information for potential and existing investors, lenders and other creditors,the ultimate goal being that of attainment of the rationale for adoption of IFRS Sustainability Disclosure Standards as mentioned in this Roadmap.

1.0 INTRODUCTION

Following years of increasing demand for enhanced transparency about Environmental Social and Governance (ESG) matters from investors and other stakeholders, regulators and standard setters in various jurisdictions issued definitive proposals to transform ESG reporting. Several frameworks such as the European Union (EU) Corporate Sustainability Reporting Directive (CSRD), the International Sustainability Standards Board (ISSB), Sustainability Disclosure Standards and the Securities and Exchange Commission (SEC) rules in the United States (US); provided guidance on sustainability matters though each had a varying scope and extent of details required.

The emergence of the IFRS Sustainability Disclosure Standards and its ultimate succession of the works of Climate Disclosure Standards Board (CDSB), the Task Force on Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and industry-based Sustainability Accounting Standards Board (SASB) Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics, the development of standards for a global baseline on sustainability disclosures is now in a common defined direction.

1.1 Sustainability Journey - Uganda's Context

Uganda's development journey has been guided by a deliberate and well-planned effort to transform it from a peasant to a modern, industrial and prosperous society. Uganda has demonstrated significant climate ambitions through various initiatives and commitments aimed at addressing the impacts of climate change and enhancing resilience. Central to these efforts is Uganda's updated Nationally Determined Contribution (NDC), launched in 2023.

Since adopting the 2030 Agenda for Sustainable Development in 2015, Uganda has been steadfast in its efforts to realise the aspirations of her people. The National Development Plan IV (NPD IV)[1] highlights the fact that, sustainable management and use of natural resources, land, water, & environment and effective response to climate change are essential for boosting productivity and value addition. This ensures that resources such as land, water, forests, and wetlands are efficiently used, increasing their longevity and productivity. Adaptation is prioritized as the primary response to climate change, focusing on addressing key vulnerabilities, building adaptive capacity, addressing loss and damage, and increasing the resilience of communities, infrastructure, and ecosystems. Effective response to climate change, management, and use of natural resources contribute to the achievement of a balanced resilient, and sustainable development trajectory.

[1] Government of Uganda; Fourth National Development Plan (NPD IV) 2025/26 -2029/30, P.145

Green finance recognises the importance of aligning economic development with environmental sustainability to facilitate a successful transition to a green economy. Acknowledging this, the country has taken notable steps to mobilise green finance as an integral part of its comprehensive development strategy, the Uganda Vision 2040. As such sustainability and green finance initiatives, underscore the importance of general purpose sustainability-related financial disclosures to align with both national development goals and international frameworks. The adoption of these standards will not only enhance transparency among the reporting entities but also enable Uganda to strengthen its economic resilience, attract international investments, and meet its climate and sustainability targets.

This IFRS Sustainability Disclosure Roadmap builds on existing Ugandan frameworks, including regulatory and financial sector initiatives, and emphasises a phased and structured approach to ensure smooth implementation across all sectors of the economy.

A number of salient initiatives demonstrate Uganda’s commitment to sustainability, which gives the motivation for integrating the IFRS Sustainability Disclosure Standards into the national reporting framework.

1.2 National Green Initiatives

1.2.1 Uganda Green Growth Development Strategy

The Government of Uganda developed the Uganda Green Growth Development Strategy (UGGDS) to operationalize the principles of green growth espoused in the 2030 Agenda (SDGs), the Uganda Vision 2040 and the second National Development Plan (NDP II) (2015/16-2019/20). The strategy identifies catalytic investment areas for prioritization in the transition towards a green economy. These are; sustainable agriculture production; natural capital management with a focus on tourism development; sustainable forestry, wetlands and optimal water resources management; green cities (planned urbanization); and sustainable transport and energy for green growth. The Uganda Green Growth Development Strategy (UGGDS) outlines a roadmap for sustainable economic growth through such initiatives.

1.2.2 National Climate Change Act Cap 182

The Act, is adopted to give the force of law, in Uganda, to the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement; to provide for climate change response measures; to provide for the participation in climate change mechanisms; to provide for the measuring of emissions, reporting and verification of information; to provide for the institutional arrangements for coordinating and implementing climate change response measures; to provide for the financing for climate change. The Act also establishes a Climate Change Fund as a special mechanism for climate change financing and management.

1.2.3 Green Fiscal and Monetary Policy:

The Ministry of Finance Planning and Economic Development (MoFPED) has directed all government bodies down to local level to produce budgets for environment, biodiversity and climate change; a certificate certifying that the Budget Framework Paper is climate change responsive and contains adequate allocation for funding climate change measures and actions is required under the National Climate Change Act.

1.2.4 National Development Plan IV

FY2025/26-FY2029/30 has not only mainstreamed climate action but given it even more prominence as a fully-fledged programme

1.2.5 Climate Finance Unit

A pivotal role in advancing Uganda's climate finance agenda is played by the Ministry of Finance, Planning, and Economic Development (MoFPED). Within this ministry, the Climate Finance Unit (CFU) has been established with support from the Foreign Commonwealth Development Office (FCDO) and the Global Green Growth Institute (GGGI). The CFU is dedicated to mobilizing resources for climate action, ensuring effective utilization and tracking of climate finance, and enhancing the capabilities of key stakeholders through capacity-building initiatives. The Unit also plays a crucial role in integrating climate finance into broader financial and economic planning frameworks, promoting coherence and synergy across sectors among others. By doing so, the CFU will ensure that the financial resources necessary for climate initiatives are effectively mobilized, managed and utilized, thereby supporting Uganda's ambitious climate agenda.

1.2.6 Climate Change Financing Windows

Some efforts have been made to secure funds both local and or globally. Locally, natural resources funds have been established under various legal frameworks for the management of a particular natural resource for example the National Environment Fund (NEF) under the National Environment Act Cap. 181; the Wildlife Fund under the Wildlife Act among others and globally , Uganda has been a beneficiary of financial entities to the Financial Mechanism of the UNFCCC and the Paris Agreement which include the Global Environment Facility (GEF), and its Least Developed Countries Fund (LDCF), the Green Climate Fund (GCF) and Adaptation Fund (AF) among others for various projects such as sustainable land management, renewable energy, and climate-resilient agriculture.[2] The government, in collaboration with various stakeholders, is enhancing institutional frameworks and building capacity to better access and utilize these funds.

[2] ACODE: Climate Finance Mobilisation in Uganda – The Most Viable Option (2020)

1.2.7 ESG Framework For Uganda's Banking Sector

This framework sets out guidelines and principles that will support financial institutions in achieving their sustainability goals, assisting their clients in transitioning towards low-carbon and resource-efficient economies while also supporting financial inclusivity and social welfare, thereby supporting Uganda's broader sustainable development goals.

1,2.8 Corporate Social Responsibility (CSR)

Activities are encouraged as part of the country's broader commitment to sustainable development and corporate engagement. A number of businesses in Uganda voluntarily engage in CSR initiatives, particularly in areas such as education, healthcare, environmental conservation, and community development, as part of their ethical and philanthropic activities. Some CSR initiatives may be relevant considerations or mitigants for risks and opportunities reported applying IFRS Sustainability Disclosure Standards.

1.3 Management and Governance Frameworks

1.3.1 ESG Framework For Uganda's Banking Sector

This framework sets out guidelines and principles that will support financial institutions to integrate aspects of EGS into their operations. The Framework highlights 4 main workstreams upon which the ESG agenda would be premised, that is Governance; Sustainable Finance; ESG Risk Management; ESG Reporting and Disclosures.

1.3.2 Capital Market Corporate Governance Guidelines

The Capital Markets Authority developed these Guidelines as a minimum standard for good corporate governance practices by public companies and issuers of corporate debt in Uganda, in response to the growing importance of governance issues both in emerging and developing economies and for promoting domestic and regional capital markets growth. The Guidelines were also developed in recognition of the role of good governance in corporate performance, capital formation and maximization of shareholders value as well as protection of investors' rights.[3]

1.3.3 Uganda's National Green Taxonomy

The National Green Taxonomy is a vital framework designed to categorize sustainable investments, aligning with both local and international environmental goals. Adapted from global standards like the EU Taxonomy for Sustainable Activities, Uganda's taxonomy integrates its specific national objectives, including its Nationally Determined Contributions (NDCs). This tool enables policymakers and

[3] Corporate-Governance-Guidelines.pdf

Government agencies, financial market participants and regulators, , and investors to allocate resources toward initiatives that foster climate resilience, biodiversity preservation, and sustainable development. The taxonomy also promotes transparency and accountability by defining clear criteria for identifying projects as "green" or "transitional." The approach within the Taxonomy is intended to help Uganda attract and retain climate finance, thereby supporting the country's broader environmental and economic objectives. As one of the guiding principles to the taxonomy, reference to international standards and best practices shall be made in situations where local standards are not well-established in order for Uganda's efforts to be in harmony with global sustainability frameworks and benchmarks.

1.4 Disclosure Frameworks

1.4.1 Companies Act Cap 106

The Companies Act, requires public companies to mandatorily adopt Table F and private companies may choose to adopt or not. Article 15 of Table F provides for among others sustainability reporting.

1.4.2 Jurisdictional Trade Agreements

Like the case may be in other markets, reporting entities operating in Uganda are subject to reporting initiatives imposed by trade partners in other jurisdictions. In particular, the sustainability reporting requirements (ESRS) of the European Union (EU) are expected to be imposed on affected entities (entities with a qualifying EU trade relationship) from 2028. ESRS might also impact Ugandan entities that are subsidiaries of EU companies and therefore form part of an EU group in their parent's consolidated general purpose financial reports. ESRS and IFRS Sustainability Disclosure Standards are substantially interoperable, meaning that there is significant overlap between the two sets of standards, and it is consequently possible for entities applying EFRS to claim compliance with both; with relatively limited additional effort. Extensive guidance has been published by the IFRS Foundation on the interoperability of ESRS and the IFRS Sustainability Disclosure Standards.

1.5 Authority

By the authority conferred under s.12(i) of the Accountants Act, Cap. 294 (the Act) the Institute of Certified Public Accountants of Uganda (ICPAU) is mandated to issue and adopt internationally accepted accounting and auditing standards and promote their usage in Uganda and make suitable adaptation where necessary. ICPAU announced its adoption of the IFRS Sustainability Disclosure Standards (IFRS) S1 and S2 (Sustainability Disclosure Standards) on 4 September 2024, and **on xxxxx2025**, it approved a roadmap for a phased approach to the adoption and implementation of Sustainability Disclosure Standards in Uganda.

The Council's responsibilities also include identifying other supporting elements that need to be in place including a framework for assurance and capacity building, to ensure consistent but equally seamless transition to adoption of the IFRS Sustainability Disclosure Standards.

1.6 Rationale for Adoption

In the Council's view, the rationale for adoption of the IFRS Sustainability Disclosure Standards is to achieve the following:

a) To improve the availability of reliable, comparable, cost effective and decision-useful information on material sustainability related risks and opportunities (SrROs) of organisations through the use of the Sustainability Disclosure Standards as the baseline standard;
b) To promote full disclosure of information material to investors' decisions in order to ensure investor protection by enabling Investors better assess the potential risks and rewards of their investments and, thus, protect their own interests;
c) To enable the use of other complementary reporting frameworks, for example, the Global Reporting Initiative (GRI) to meet the information needs of different stakeholders to the extent permitted by the sustainability disclosure standards; thereby aligning Uganda's sustainability reporting with global practices.
d) To improve domestic entities' access to foreign capital markets and encourage foreign direct investment including access to green financing; thereby promoting sustainable economic growth and
e) To support availability and flow of sustainability information across the supply chain.

Adoption of the Sustainability Disclosure Standards is a significant step towards integrating sustainability considerations into the core of financial reporting and management decisions. This Roadmap seeks to guide preparers of sustainability reports towards the successful adoption and implementation of Sustainability Disclosure Standards. The Roadmap demonstrates collaborative efforts, capitalisnig on insights from industry experts, regulators, and best practices from other jurisdictions. The Roadmap provides a framework for entities to disclose relevant and material information, enabling all stakeholders to make more informed decisions and contributing to the overall sustainability and resilience of the economy.

The Council will consequently continue to assess and adopt new or amended Sustainability Disclosure Standards and interpretations as and when they are issued by the ISSB, other than in circumstances where jurisdictional modifications may be considered relevant. In such circumstances, new or amended Sustainability Disclosure Standards and interpretations shall become applicable as shall be guided by the Council of the Institute. Future effort will concentrate on growing capacity for implementers and assurers of sustainability information. Ensuring that entities have reliable sustainability information would equally be ideal for a successful implementation of the standards.

1.7 The Uganda Sustainability Reporting Committee (USRC)

To accelerate the adoption and implementation of integrated reporting and ESG reporting in Uganda, ICPAU set up a national Sustainbility Reporting Committee - the Uganda Sustainbility Reporting Committee (referred to in this document as the "USRC"). The role of the Committee is to (a) Spearhead the adoption, transition and full implementation of the IFRS Sustainability Disclosure Standards in Uganda; (b) Support and influence quality implementation of the IFRS Sustainability Disclosure Standards in Uganda through continuous learning, robust discussions, and effective knowledge-sharing and collaboration; (c) Provide tailored guidance, information papers, actionable resources, and hands-on support on implementation of sustainability Disclosure Standards in Uganda. The Committee is comprised of influential policy-makers, preparers, auditors, and representatives from the professional, industry, and regulatory bodies in Uganda.

As part of its mandate, the Committee deliberated on the developments in sustaintaiblity reporting across the globe; discussed the draft roadmap and the readiness survey to adoption of the sustainability Disclosure Standards in Uganda.

2.0 INTERNATIONAL SUSTAINABILITY FRAMEWORKS

2.1 Introduction

In an era where businesses are increasingly recognizing the importance of sustainable practices, the need for transparent and standardized reporting on environmental, social, and governance (ESG) factors has never been greater. Sustainability reporting has evolved into a critical tool for entities to communicate their impact on the world beyond just financial metrics. To respond to these growing demands across the globe, several sustainability reporting frameworks and or standards have been developed over the years. These standards aimded to provide a consistent and comparable framework for companies to report on their ESG performance. Among the notable frameworks and or standards include the following:

2.2 EU Regulations and Disclosure Requirements

The European Parliament, and the Council of the European Union made strides to ensure that sustainability regulations under the Corporate Sustainability Reporting Directive (CSRD) will be a reality. The CSRD was effective on January 5, 2023. The EU rules require large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment. EU Member States (such as Ireland, Sweden, Finland, Belgium, among others) have since incorporated the CSRD's provisions into national law. The CSRD resulted in the development of the European Sustainability Reporting Standards (ESRS), as proposed by the European Financial Reporting Advisory Group (EFRAG).

2.3 IFRS Sustainability Disclosure Standards

The ISSB published two standards; one on general disclosure requirements addressing governance and other sustainability matters (IFRS S1) and the other on climate-related disclosure requirements (IFRS S2). IFRS S1 requires companies to “refer to and consider” the applicability of the disclosure topics and related metrics in the industry based SASB standards. IFRS S1 and IFRS S2 are effective for periods beginning on or after January 1, 2024. The ISSB provided transition relief, however, requiring only climate-related disclosures in the first year of reporting.

2.4 Sustainaiblity Accounting Standards Board (SASB) Standards

The IFRS Foundation assumed responsibility for SASB Standards when it merged with the Value Reporting Foundation (VRF). SASB Standards enable organizations to provide industry-based sustainability disclosures about risks and opportunities that affect enterprise value. The SASB standards are broken down by industry, making SASB metrics comparable from company to company within an identified peer group. There are 77 identified industries in the SASB Standards, in 11 different Sectors, across 5 dimensions of sustainability namely, environmental, social capital, human capital, business model and innovation, leadership and governance. SASB standards are designed to be compatible with financial reporting, making it easier for investors to integrate ESG factors into their investment decisions.

2.5 International Integrated Reporting Council (IIRC) Framework

The Integrated Reporting Framework integrates financial and non-financial reporting into the same strategic review and planning cycle, while drawing connections across financial and sustainability performance. In 2021, SASB and the IIRC merged to form the Value Reporting Foundation, to combine approaches.

2.6 The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

These were established to ensure consistent disclosure standards for assessment of companies’ climate-related financial risk. The recommendations have served as the industry standard for climate-related disclosures (risks and opportunities). The TCFD structured its recommendations around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics & targets. TCFD provides guidance on how companies should disclose climate-related information in their financial filings. TCFD encourages companies to assess and disclose the potential financial impacts of climate change on their business, helping investors make more informed decisions. ISSB has taken over the responsibility of the TCFD and incorporated the recommendations of the TCFD with in IFRS S1 and S2.

2.7 GHG Protocol Launched in 1998[4]

The GHG Protocal categorizes greenhouse gasses into Scope 1, 2 and 3 based on the source. IFRS S2 issued by the ISSB requires companies to measure greenhouse gas emissions in accordance with the GHG Protocal. This collaboration is a pivotal moment in standardising corporate GHG reporting globally. The GHG protocol supports various reporting frameworks and standards by providing guidelines for measuring and managing GHG emissions, enabling organizations to track their climate impact.

2.8 GRI Standards

The Global Reporting Initiative (GRI) Standards are a modular framework that includes sets of universal, sector-specific and topic-based sustainability reporting standards. The GRI released its formal standards in 2016, then began adding the topic standards in 2019 and the sector ones in 2021. The GRI has its own set of protocols embedded within its standards for measuring and reporting sustainability performance. GRI focuses on materiality, stakeholder engagement, and transparency. Its flexible nature allows companies to tailor their reporting to their specific industry and context.

2.9 PCAF Recommendations

The Partnership for Carbon Accounting Financials (PCAF) is a financial industry led initiative. PCAF developed the Global GHG Accounting and Reporting Standard for the financial industry, focusing on measuring and reporting financed emissions. Published in November 2020, the standard provides detailed methodological guidance to measure and disclose GHG emissions associated with six asset classes: listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, and motor vehicle loans.

2.10 Carbon Disclosure Project (CDP)

The Carbon Disclosure Project was founded in 2000 to encourage environmental transparency and performance improvements through carbon, water, and forest related disclosures, as well as new plastics disclosures. CDP collects and scores companies' environmental data. It focuses primarily on climate change-related risks and opportunities. CDP's questionnaire covers areas such as greenhouse gas emissions, water management, and deforestation. The CDP 2024 questionnaire is

[4] The World Press Initiative (WRI) and the World Business Council for Sustainable Development (WBCSD) created GHG Protocol as an international standard for corporate accounting and reporting emissions, with a mission to promote their broad adoption.

aligned with IFRS S2 implying that the questionnaire now provides an effective tool to support companies on their journey to compy with ISSB standards.

2.11 United Nations Sustainable Development Goals (SDGs)

The SDGs provide a universal framework for addressing global challenges, including poverty, inequality, climate change, and more. While not specifically an ESG reporting standard, many companies align their sustainability efforts with the SDGs. Reporting on SDG alignment demonstrates a company's commitment to contributing to the global sustainability agenda.

3.0 LAWS, REGULATIONS AND GUIDELINES SUPPORTING ESG IN UGANDA

Sustainability disclosure practices in Uganda are gaining importance in recent years as businesses and stakeholders recognize the need for transparency and accountability in addressing ESG issues. While Uganda is still in the early stages of adopting comprehensive sustainability reporting frameworks, there are notable efforts to promote sustainability disclosures. **Appendix I** to this Road Map details some of the relevant laws, regulations and guidelines in Uganda that support ESG initiatives.

4.0 ADOPTION OF IFRS SUSTAINABILITY DISCLOSURE STANDARDS

4.1 Background

Global adherence to IFRS Accounting Standards has shown the benefits of alignment with a single set of international standards.[5] In June 2023, the ISSB issued its inaugural Standards—IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures following extensive engagement and consultation with stakeholders globally.

IFRS S1 and IFRS S2 are designed to deliver the benefits of globally comparable information on climate and other sustainability-related risks and opportunities for capital markets. The Standards aim to facilitate the transition from a landscape of voluntary sustainability-related disclosures provided in accordance with a wide variety of sustainability reporting frameworks to a regime in which entities disclose sustainability-related information in accordance with globally accepted standards operating within legal and regulatory frameworks. The ISSB concluded that the benefits of implementing IFRS S1 and IFRS S2 will outweigh the costs.

In considering the extent to which the benefits of implementing IFRS S1 and IFRS S2 outweigh the implementation challenges and costs, the ISSB has observed that jurisdictional adherence to a global reporting framework could be an important determinant of capital providers' confidence in a capital market's disclosure regime. The international credibility of a jurisdiction's capital markets is inherently related to the soundness of its regulatory framework and its adherence to international principles, standards and best practices. Globally accepted standards generally result in domestic entities having better access to international capital markets. They also encourage foreign direct investment and unlock capital flows. Implementing globally accepted standards may also avoid risk premiums arising from global investors' potential lack of understanding of local standards or variations from or adaptations of international standards[6]

4.2 IFRS Sustainability Disclosure Standards Adoption Roadmap

ICPAU requires the adoption of the IFRS Sustainability Disclosure Standards in a phased approach to ensure a smooth transition for entities of all sizes. The adoption of IFRS Sustainability Disclosure Standards follows a structured progression, beginning with the most prepared and most resourced sectors with a gradual transition to other sectors that may not be adequately resourced presently. This approach ensures that the entities with the highest exposure to investors and public scrutiny, and those that have the greatest access to resources required for sustainability reporting are the first to adopt the standards. This approach allows

[5] preview-jurisdictional-adoption-guide.pdf (ifrs.org)

[6] See Effects Analysis on IFRS S1 and IFRS S2 (https://www.ifrs.org/content/dam/ifrs/project/general-sustainability-related-disclosures/effectsanalysis.pdf).

organisations to build capacity, gather necessary data and align their internal processes with the new standards as they provide practical case studies for jurisdictional knowledge bank and experiences, key for other entities. The phase approach discussed hereunder simply sets out the minimum criteria. Entities may choose to advance at a faster pace than is required by the minimum criteria.

***Phase 1: Voluntary Adoption*:**

This Phase is for accounting period beginning on or after 1 January 2026 and through to accounting period ending on or before 31 December 2027 or 31 December 2028 or 31 December 2029 respectively as further detailed herein below. During this period, reporting entities are required to build capacity and get ready for mandatory adoption. Any organisation that desires to report during this period must subject itself to a readiness assessment before mandatory adoption applies to it.

Phase 2: Mandatory Adoption

From accounting period beginning on or after 1 January, 2028, it will become mandatory for all entities designated here below

- An entity whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or is in the process of issuing such instruments for trading in a public market;
- All Financial institutions and micro-finance deposit-taking institutions;
- An entity that carries on insurance business under an insurance contract whether as an Insurer or re-insurer;
- Savings and Credit Cooperative Organisations (SACCOs) that qualify to be Public interest entities as per the ICPAU IFRS for SME Accounting Standards Implementation Guidelines .
- Public utility entities (operating as Government Business Entreprises) which apply the IFRS Accounting Standards.

For a Retirement Benefit Scheme, a large company as defined under the ICPAU IFRS for SME Accounting Standards Implementation Guidelines and other entities defined as PiE under the ICPAU Guidance, it will become mandatory to adopt the IFRS sustainability disclosure standards from accounting period beginning on or after 1 January, 2029.

For entities designated as Small and Medium Practises (SMEs) as per the ICPAU IFRS for SME Accounting Standards Implementation Guidelines, it will become mandatory for such entities to adopt the IFRS sustainability disclosure standards from accounting period beginning on or after 1 January, 2030.

The readiness assessment is compulsory for all entities reporting in this phase and must be carried out before an entity publishes its first sustainability report in accordance to the new standard. Guidance on the considerations when conducting the readiness test is as provided for herein under.

Phase 3: Governments and other government organizations

A review will be conducted when the sustainability reporting standards for public sector entities currently being developed by International Public Sector Accounting Standards Board (IPSASB) become available with the view to determine when reporting will be mandated or required.

Phase	**Timelines - (accounting period beginning on or after)**	**Entities involved**	**Key Activities**	**Reporting Date**
Phase 1 *Voluntary Adoption*	1 January 2026	▪ All entities	▪ Capacity building Readiness Assessments ▪ Early reporting	Within 6 months of year end
Phase 2 *Mandatory Adoption*	1 January, 2028	▪ Listed Entities ▪ Financial institutions including micro-finance deposit-taking institutions ▪ Insurance & Re-insurance entities ▪ Savings & Credit Cooperative Organisations ▪ Public utility entities reporting using IFRS Accounting standards	Full compliance with IFRS S1 and S2	Within 3 months of year end
	1 January, 2029	▪ A Retirement Benefit Scheme, a large company and all other PiEs otherthan those already mentioned above.	Full compliance with IFRS S1 and S2	Within 3 months of year end
	1 January, 2030	SMEs	Full compliance with IFRS S1 and S2	Within 3 months of year end

Phase 3: Governments and other government organizations	To be determined by ICPAU	Governments and other government organizations	Full compliance with IFRS S1 and S2	To be determined by ICPAU

The rationale for the staggered adoption approach is to give priority to entities in the phase of mandatory adoption as these are deemed to be well resourced, but also of great interest to the investors. Also the approach to sustainability disclosures is expected to reflect an entity's size and complexity, with entities in PIEs and large private companies expected to be given priority and SMEs considered later.

4.3 Readiness Test

Given the fact that the IFRS Sustainability Disclosure standards include a number of areas where high levels of judgement or uncertainty can make it challenging to provide disclosures such areas like:

- identifying relevant risks and opportunities;
- reporting on the value chain, such as:
    - assessing the scope of the value chain; and
    - measuring Scope 3 greenhouse gas (GHG) emissions;
- anticipating future financial statement effects from sustainability-related risks and opportunities;
- applying climate-related scenario analysis; and
- calculating certain cross-industry metrics among others.

It is imperative that entities attempt to disclose reasonable and supportable information that is available at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions. A readiness assessment for entities adopting IFRS Sustainability Disclosure Standards then becomes a must for certain entities. The test involves evaluating various aspects of an entity's level of preparedness to comply with these standards. The assessment focuses on several key areas to ensure that the entity can effectively implement the disclosure requirements. Among the key areas for consideration during the readiness test include the following:

(a) Governance and Leadership Readiness

- *Board and senior management involvement* – whether the board and senior management understand their roles in overseeing sustainability reporting and have integrated these responsibilities into their governance structures
- *Policies and frameworks* – Are there developed or updated policies and frameworks that support sustainability reporting, particularly those aligned with IFRS Sustainability Disclosure Standards such as an Enterprise Risk Management and Sustainability Framework

- *Sustainability reporting oversight*- whether there are designated structures that is committee or individuals responsible for overseeing sustainability – related disclosures.

(b) Stakeholder Engagement and Communication

- *Stakeholder mapping and engagement* – Has the entity identified its key stakeholders and developed a plan for engaging them.
- *Transparency in communication* – Have the entity's communication channels for sharing sustainability-related information, including the readiness to publish disclosures in a format that is accessible to stakeholders been evaluated for effectiveness.
- *Feedback mechanisms*: Does the entity have mechanisms to gather feedback from stakeholders on sustainability disclosures and use it for continuous improvement

(c) Capacity Building and Training

- *Training programs* - Does the entity have or has the entity provided for adequate training for the board, management and employees, particularly those involved in data collection, analysis, and reporting, to ensure they appreciate the requirements of IFRS Sustainability Disclosure Standards.
- *Awareness and understanding* – Is there ageneral appreciation and awareness among board, management and employees about the importance of sustainability disclosures and their role in the entity's reporting process.

(d) Data Collection and Reporting Capabilities

- *Data management systems* – Does the entity bear the capacity to collect, process, and analyse data needed for sustainability disclosures. Moreso ability to track sustainability-related metrics, GHG emissions, and other relevant ESG data.
- *Quality of data* – can the entity assess the accuracy, completeness, and reliability of sustainability related data being collected. Are there adequate systems and controls to ensure the integrity of the data and plausible mechnisms to address any data gaps.
- *Alignment with disclosure requirements* – does the entity have the resources and ability to verify that the data so collected aligns with the specific requirements of IFRS Sustainability Disclosure Standards.

(e) Risk Management Processes

- *Identification and assessment of sustainability risks* – Does the entity have in place processes for identifying, assessing, and managing climate-related and sustainability risks for example is there proper identification of current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain.
- *Integration with overall risk management* -Are the entity's sustainability related risks integrated into the entity's overall risk management framework, including understanding the financial impacts of these risks.
- *Scenario analysis* – is the entity prepared and ready to conduct climate scenario analysis. Is there a clear description of the Models used for scenario analysis.

(f) Internal Control Systems

- *Internal controls over sustainability reporting* – Are the entity's internal controls effective enough to ensure the accuracy and reliability of sustainability disclosures.
- *Assurance readiness* - Is the entity prepared for independent assurance of its sustainability disclosures.

(g) Compliance and Regulatory Alignment

- *Awareness of local regulations* – What is the enitity's appreciation of the local regulatory requirements related to sustainability disclosures and how they align with the IFRS Sustainability Disclosure Standards.
- *Alignment with national roadmap* – How is the entity following any national or industry- specific roadmaps for implementing sustainaibltiy disclosure requirements to ensure comparability.
- *Transition reliefs* – Is there a clear process for identification and application of transition reliefs?

(h) Preparation of Disclosure Reports

- *Assessment of materiality* – What is the entity's process for determining what information is material to its stakeholders and included it in sustainability disclosures that is priority sustainability related issues for disclosure in the entity's strategy, budget allocation, risk and opportunity identification among others.
- *Drafting of initial reports* - Do the entity's draft sustainability reports meet the core content requirements of the IFRS Sustainability Disclosure Standards.

(i) Reporting Framework and Practices

- *Alignment to the principles within the IFRS Sustainability Disclosure Standards* – Does the entity's reporting framework align with the principles and guidelines of IFRS Sustainability Disclosure Standards? Is there a proper process for identification of aspects of financial reports requiring updates?

- *Baseline reporting practices/ gap analysis* – Has the enitity assessed its current sustainability reporting practices to identify gaps and areas that need improvement before full compliance with the standards.
- *Use of existing guidance* – Has the enitity incorporated other reporting guidance, and if yes how do they complement IFRS Sustainability Disclosure Standards.

(j) Assurance Readiness

- *Preparation for assurance* – Has the entity considered assurance requirements for its sustainability disclosures and has the entity begun preparing for potential assurance. What level of assurance has been preferred by the entity and over what level of scope?

(k) Implementation Timeline & Resources

- *Phased adoption plan* – Has the entity developed a clear timeline for adoption of IFRS Sustainability Disclosure Standards, including key milestones and deadlines. Is there a prudent approach to setting of targets and metrics to manage and measure identified risks and opportunities? Is there an implementation plan?
- *Resource allocation* – Has the entity allocated adequate resources (financial, technological, and human) to support the implementation of IFRS sustainability disclosure standards.

(l) Continuous Improvement Mechanisms

- *Feedback loop for improvements* – Has the entity set in place mechanisms to regularly review and improve its sustainability reporting process.
- *Monitoring and reporting adjustments* – Has the entity set in place clear mechanisms to monitor changes in standards and update its reporting practices to remain in compliance.

5.0 SALIENT CONSIDERATIONS FOR EFFECTIVE ADOPTION

Disclosures under both IFRS S1 and S2 mirror the framework established by the TCFD and are broadly categorized under four core considerations: governance, strategy, risk management, and information on metrics and targets. Disclosures under S1 and S2 slightly differ with respect to metrics and targets, with S2 encouraging disclosures on cross-industry metrics,[7] industry-based metrics,[8] and qualitative and quantitative targets and metrics set by the entity or required by law.

[7] Including absolute scope 1, 2, and 3 greenhouse gas (GHG) emissions, climate-related transition and physical risks, climate-related opportunities and the amount of capital expenditure, financing, or investment deployed towards climate-related risks and opportunities, internal carbon prices, and remuneration. In addition, asset managers, commercial banks, and insurance companies are encouraged to disclose their financed emissions.

[8] Associated with business models, activities, or common features across an industry. In preparing this disclosure, entities are encouraged to examine the IFRS's *Industry-Based Guidance on Implementing IFRS S2*, which is based on the SASB Standards

5.1 Establishment of Baselines

Establishing a baseline is an essential initial step for entities adopting IFRS Sustainability Disclosure Standards, providing a clear understanding of the current state of sustainability-related financial disclosures. Using the conceptual foundations for reporting—including fair presentation, materiality, and disclosure of connected information, entities are encouraged to consider direct and indirect dependencies and impact of stakeholder, society, and natural resource interactions throughout value chains, as well as how these interactions increase or erode overall corporate value from an investor-focused perspective.[9] Effective adoption and implementation therefore involves assessing existing reporting practices, establishing governance structures, integrating sustainability into business strategy, managing sustainability risks, and setting measurable targets, internal capabilities, and stakeholder expectations. By evaluating these elements, organisations can identify gaps against specific requirements of IFRS Sustainability Disclosure Standards.

A baseline assessment also enables organisations to develop a targeted implementation roadmap, aligning reporting of sustainability-related risks and opportunities (SrROs) with IFRS Sustainability Disclosure Standards requirements. This proactive approach ensures that the SrROs are accurately integrated into financial disclosures, improving transparency and accountability.

5.2 Materiality

IFRS S1 requires an entity to disclose material information about the SrROs that could reasonably be expected to affect the entity's prospects. Sustainability information is deemed material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity. This approach to materiality in sustainability reporting simply requires that significant information that could reasonably be expected to impact on stakeholder decision-making be identified. The concept of materiality provides a framework through which entities differentiate information that should be disclosed from that which need not be disclosed. Materiality aligns with the materiality definition contained in the IFRS Accounting standards. This is essential in ensuring harmonization and consistency for reporting entities. Futher to the above, the following are key in an entity's mateteriality determination process:

[9] Susan Mac et al Inside the IFRS S1 and S2 Sustainability Disclosure Standards-Harvard Law School forum on Corporate Governance, (2023)

(i) Materiality Setting and Assessment

Materiality assessment is the process of identifying and prioritizing SrROs that are likely to have a significant impact on an entity's prospects. This assessment helps entities focus their reporting efforts on information that is relevant to investors and other stakeholders. Entities make materiality judgements based on their individual facts and circumstances to focus their reporting on information that is useful to investors and other stakeholders rather than simply providing all the information listed in the standards.

Entities make judgements to determine both the sustainability-related topics they need to report on and the information they provide about them. Entities need a clear understanding of what information could affect an investor's assessment of their long-term prospects to make materiality judgements. These judgements should help the entities provide real insight into how they are managing the SrROs that drive their success. A materiality assessment criterion may vary based on the size, sector, or regulatory requirements of the entities involved.

The basis for assessing material information is inherently forward-looking, that is;

- information about SrROs that have not yet affected the entity's financial statements may still be considered material – e.g. because it provides insight into the resilience of the entity's business model; and
- information about the entity's exposure to future events (e.g. possible regulatory changes) may be material, even though the potential outcome is uncertain.

Entities need to make materiality judgements based on the influence that information could reasonably be expected to have on primary users' decisions at the reporting date. They do not need to provide information about every possible risk or opportunity.

Therefore to identify material information relating to SrRO, an entity shall at the starting point, apply the requirements of the IFRS Sustainability Disclosure Standard that specifically applies to the SrRO. In the absence of a Standard that specifically applies a SrRO, the entity shall apply the requirements on sources of guidance as provided in **Section 7.0** of this Roadmap. When determining material topics, an entity requires to determine its materiality threshold, which is the level at which information about sustainability issues becomes significant enough to impact stakeholders' decision-making.

Jurisdictional Arrangements

As already noted under section 1.0, reporting entities in Uganda are subject to reporting initiatives imposed by trade partners else. In particular, the sustainability reporting requirements of the European Union (EU) the ESRS are expected to be imposed on affected entities (entities with a qualifying EU trade relationship) in Uganda. The double materiality concept in the ESRS requires entities to assess materiality from both a 'financial' and an 'impact' perspective. EFRAG and the ISSB released joint interoperability guidance which highlights that the definition of financial materiality is aligned under IFRS Sustainability Disclosure Standards and ESRS and that 'the two assessments are expected to provide an aligned outcome'. This means that information that is financially material under ESRS is likely to be material under the IFRS Sustainability Disclosure Standards. However, entities will still need to consider the relevant disclosure requirements under each set of standards when deciding what information to report.

(ii) Stakeholder engagement

The importance of stakeholder engagement in the determination of materiality for IFRS Sustainability Disclosure Standards cannot be understated. Engagement with stakeholders is imperative, to understand their expectations and concerns and what matters they consider material in their decision-making in relation to the organisation. This should be done through implementation of a structured approach for stakeholder engagement, including utilizing surveys, workshops, focus groups, interviews and public consultations.

5.3 Governance

The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee SrROs. It is required that disclosures would include information about the governance body responsible for oversight of SrROs/(CrROs in case of first year of implementation) and how the entity's governance bodies are involved in overseeing and monitoring SrROs/(CrROs in case of first year of implementation), including an explanation of how this role is incorporated in the entity's policies and procedures including management's role in the governance processes, controls and procedures used to monitor, manage and oversee SrROs. The entity should clearly outline the following:

A. Board oversight

The board should establish processes to oversee sustainability issues. This will enable the entity to disclose its oversight of SrROs in its reporting. Additionally, the disclosures should describe the board's role in overseeing the adoption and implementation of IFRS Sustainability Standards. Specifically, the Board should:

(i) Ensure that the responsibilities for SrROs/ (CrROs in case of first year of implementation) are reflected in the terms of reference, mandates, role descriptions and other related policies.

(ii) Determine whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to SrROs/(CrROs in case of first year of implementation). To effectively guide the adoption and implementation of IFRS Sustainability Disclosure Standards, the board should possess the following minimum transversal and silo skills and competencies; such as:
   - Understanding of sustainability frameworks, standards, and best practices.
   - Understanding of financial reporting and the impact of sustainability decisions on the organisation's financial performance.
   - Capacity to evaluate and guide the long-term strategies for capitalizing on sustainability-related opportunities and mitigating associated risks.
   - Awareness of current and emerging sustainability regulations and technologies and how these impact reporting and compliance.
   - Strong skills in managing and understanding the expectations of key stakeholders critical to ensuring the organisation's sustainability strategies meet external and internal demands.

(iii) Be provided with information on SrROs.

(iv) Consider SrROs when overseeing the entity's strategy and in its decisions on major transactions including trade-offs.

(v) Ensure risk management processes and related policies address sustainability and climate-related risks and opportunities (CrROs).

(vi) Oversee the setting of targets related to SrROs and monitor progress towards those targets, including whether and how related performance metrics are included in management remuneration policies.

B. Management responsibility

The role of senior management in driving sustainability initiatives and ensuring compliance with IFRS Sustainability Disclosure Standards needs to be clearly set out and incorporated into policies and procedures. This includes integrating sustainability into business operations and fostering a culture of transparency and accountability.

It can also include a breakdown of how the board holds management accountable for the implementation of sustainability- related policies, strategies, and targets, including whether and how related performance metrics are incorporated into remuneration policies. The organisation should consider:

(i) Governance processes, controls and procedures used to monitor, manage and oversee SrROs that are delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and

(ii) Whether management uses controls and procedures to support the oversight of SrROs and, if so, how these controls and procedures are integrated with other internal functions.

C. Risk oversight

The board should clearly identify a board member, senior executive, or committee responsible for overseeing the SrROs. The integration of sustainability risks into the organisation's overall risk management framework should also be discussed at board level with emphasis on the importance of identifying and mitigating sustainability-related risks and utilising any identified sustainability-related opportunities. The organisation should consider:

(i) The processes and related policies that it uses to identify, assess, prioritize and monitor sustainability-related risks.

(ii) The processes the organisation uses to identify, assess, prioritize and monitor sustainability-related opportunities.

(iii) The extent to which, and how, the processes for identifying, assessing,prioritizing and monitoring SrROs are integrated into and inform the organisation's overall risk management process.

5.4 Strategy

The objective of sustainability-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing SrROs. An entity shall develop a strategy for managing SrROs. and shall disclose the actual and potential impacts of SrROs on the entity's business, strategy and financial planning where such information is material. The development of effective strategy is dependent on the identification of risks and opportunities (scenario analysis, strengths, weaknesses, opportunities and threats analysis, industry analysis) and a good understanding of the organisation's context (industry, past performance, internal capabilities, resilience of products and processes).

Disclosures relating to an entity's strategy would include information about the:

- The SrROs that could reasonably be expected to affect the entity's prospects.
- The current and anticipated effects of risks and opportunities faced by the reporting entity (for the reporting period and over the short, medium, and long term) on the entity's resilience of its:
    - business model and value chain
    - business strategy and decision-making (including any transition plan)
    - financial position, financial performance and cash flows

- the identity of SrROs (including CrROs) that carry a significant risk of a material adjustment to carrying amount of financial position or financial performance within the next annual reporting period.
- Climate resilience of the entity's strategy and business model to both transition and physical risks.

5.5 Risk management

5.5.1 Sustainability related risks

The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor SrROs, including whether and how those processes are integrated into and inform the entity's overall risk management process; and to assess the entity's overall risk profile and its overall risk management process. Entities are required to disclose information about the processes and related policies they use to identify, assess, prioritise and monitor SrROs (including CrROs) and the extent to which, and how, these processes are integrated into and inform the entity's overall risk management process.

5.5.2 Climate related risks

When considering climate-related risks the focus is on the following:

(i) Climate-related physical risks which includes acute risks such as flooding, wildfires and extreme precipitation or chronic risks such as drought, heatwaves, sea-level rise.
(ii) Climate-related transition risks as a result of moving from a carbon-intensive economy to a low carbon economy. They include policy and legal technology, market preferences and reputation.
(iii) Climate-related opportunities available to the organisation such as resource efficiency, renewable energy, new product or service offerings, and new markets.

5.5.3 Assessing Climate Resilience

An entity shall disclose information that enables users of general purpose financial reports to understand its capacity to adjust to the uncertainties arising from climate-related risks. An entity shall use scenario analysis for this assessment. While methods of scenario analysis can vary in their sophistication, entities are required to provide a disclosure of the approach used.[10] The recommended approach is one that is commensurate with an entity's circumstance, and it shall be informed by the assessments of the entity's exposure to CrROs and its available skills, capabilities

[10] Task Force on Climate-Related Financial Disclosures hub has guidance on conducting scenario analysis.

and resources. Entities may be required to use qualitative scenario analysis at the initial period and progress to quantitative scenario analysis for subsequent periods.

5.6 Metrics and targets

5.6.1 Objective

The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its SrROs, including progress towards any targets the entity has set (voluntary targets), and any targets it is required to meet by law or regulation.

5.6.2 Target Setting and Perfromance measurement

The targets should be specific, measurable objectives and goals that an entity aims to achieve within a defined timeframe; derived from the entity's sustainability strategy.

An entity will be required to disclose, for each SrROs that could reasonably be expected to affect its prospects: the metrics required by an applicable IFRS Sustainability Disclosure Standard; and the metrics the entity uses to measure and monitor that SrROs; and its performance in relation to that SrROs. An entity is equally required to disclose; source of metric, if not IFRS Sustainability Disclosure Standards, specified information about internally developed metrics, specified information about targets, other specified information about metrics and targets.

As provided in IFRS S1, in the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a SrROs, an entity is expected to apply judgement to identify information that;

(a) is relevant to the decision-making of users of general purpose financial reports; and
(b) faithfully represents the SrROs.

In making such judgements, the entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards; or refer to and consider the applicability of the CDSB Framework Application Guidance; the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports; and the information, including metrics, disclosed by entities that operate in the same industry(s) or geographical region. An entity may also refer to and consider the applicability of the Global Reporting Initiative

Standards and the European Sustainability Reporting Standards to the extent that these sources assist the entity in meeting the objective of this IFRS S1 Standard.[11]

5.6.3 Climate-related metrics

An entity shall be required to disclose information relevant to the cross-industry metric categories of:

- Greenhouse gases - absolute gross greenhouse gas emissions generated classified as scope 1, scope 2 and scope 3 emissions and the approach it uses to measure its greenhouse gas emissions
- Climate-related transition risks;
- Climate-related physical risks;
- Climate-related opportunities;
- Capital deployment;
- Internal carbon prices
- Remuneration — executive remuneration and the percentage of executive management remuneration recognised in the current period that is linked to climate related considerations.

5.6.4 Climate-related targets

An entity will be required to disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. The approach used to set and review the targets and how progress is monitored against each target is also required to be disclosed. It is also required that entities should disclose information about thier performance against each climate-related target and an analysis of trends or changes in the entity's performance.

6.0 EFFECTIVE DATE AND RELIEFS

6.1 Effective date

The first two IFRS Sustainability Disclosure Standards became effective for annual periods beginning on or after 1 January 2024. The Council made a pronouncement on Adoption of IFRS Sustainability Disclosure Standards for the Uganda jurisdiction 4 September 2024, and the effective adoption dates for various entities are provided in Section 4 of this Roadmap.

[11] (Appendix C, IFRS s1)

6.2 Reliefs

To support the phasing and scaling of requirments and application by reporting entities with limited capacities or experience, reporting etntities may avail themeseleves of the trainsition reliefs for the intial year of reporting . Mechanisms for proportionality contain permanent reliefs.

6.2.1 Transition reliefs

Transition reliefs refer to temporary measures provided during the initial adoption of the IFRS Sustainability Disclosure Standards. These transition reliefs are designed to support entities in building the necessary infrastructure, processes, and expertise for full compliance with IFRS Sustainability Disclosure Standards. An entity is thus not prevented from claiming compliance with IFRS Sustainability Disclosure Standards in its first IFRS sustainability financial disclosures if it omits the disclosures permitted by these reliefs.

SN	About the Relief	Guidance on application
1	Climate-First Relief[12]	Entities are required to disclose only CrROs in the first annual reporting period in which that entity applies IFRS S1. Disclosure of other SrROs becomes mandatory in the subsequent year. However, a reporting entity that uses this relief would still be required to apply the conceptual elements of IFRS S1 to its climate-related sustainability-related financial disclosures.
2	Alternative GHG Measurement Methods	If an entity used a different method for measuring GHG emissions prior to applying IFRS S2, it may continue using that method other than the Greenhouse Gas Protocol in the first year.
3	Timing of Sustainability Disclosures	For the first annual reporting period, entities can publish their sustainability-related financial disclosures up to nine months after the end of the reporting period.
4	Comparative Information	• Entities do not need to provide comparative data for the period before the initial application. • Where an entity uses the climate first relief, it is not rquired to disclose

[12] IFRS S1:E5.

		comparatives of its CrROs and it is not required todisclsoe comparatives for its SrROs in its second year of reporting.
5	Scope 3 Emissions[13]	• In the first reporting year of applying IFRS S2, entities are not required to disclose Scope 3 greenhouse gas emissions.[14] **However, this relief is extended locally by one (1) year compared to its applicability under the IFRS Sustainaiblity Disclosure Standards.**

6.2.2 Other reliefs

(a) Law or Regulation

An entity need not disclose information otherwise required by an IFRS Sustainability Disclosure Standard if law or regulation prohibits its disclosure, provided that the entity identifies the type of information not disclosed and explains the source of the restriction.[15][16]

(b) Commercially Sensitive Information

An entity can limit the level of detail disclosed to protect commercial interests, provided that it still offers sufficient information for users to understand its SrROs. When information is omitted due to commercial sensitivity, an entity should clearly explain the rationale behind the omission and upon re-assessment at each reporting date whether the information qualifies for the relief.

(c) Mechanisms for Proportionality

(i) Undue cost and effort

This consideration allows entities to be exempted from certain disclosures when the cost or effort required to obtain and report the information significantly outweighs the benefits of disclosing it. The concept will support entities by guiding themto consider information that is reasonably available and by clarifying that the entities would not need to carry out an exhaustive search for information. Entities must, however, disclose when they are invoking this exemption and provide an explanation of why the cost or effort is considered undue - **See Appendix II**

[13] IFRS S2:C4(b)
[14] IFRS S2:C4(a)).
[15] IFRS S1.B33
[16] Note: this exemption does not extend to circumstances in which law or regulation merely permits the entity not to disclose such information.

(ii) Proportionality and Scalability mechanisms

The proportionality approach emphasizes that the extent of sustainability-related disclosures should be proportional to the entity size, complexity, skills, capabilities and resources. Entities should tailor their reporting to align with their capacity and scale, while still providing meaningful insights into SrROs. This concept allows entities to apply qualitative approaches (instead of quantitative approaches) in several instances of the IFRS Sustainability Disclosure Standards – **See Appendix II**

(d) Unable-to-do

The inability-to-do consideration allows organisations to omit information that cannot be obtained or measured with reasonable certainty. However, organisations must clearly disclose the information that is missing, explain why it is not provided, and outline any steps being taken to eventually include it in future disclosures. **The reliefs from the IFRS Sustainability Disclosure standards are adopted locally without modification.**

Implementation Timelines and Reliefs

Fiscal Year	FY 26	FY 27	FY 28	FY29	FY30
Phase 1 *Voluntary Adoption* All					
Mechnanisms for proportionality					
Transition Reliefs					
Phase 2 *Mandatory Adoption* ▪ Listed Entities ▪ Financial institutions including micro-finance deposit-taking institutions ▪ Insurance & Re-insurance entities ▪ Savings & Credit Cooperative Organisations ▪ Public utility entities reporting using IFRS Accounting standards	1st Year of adoption		Full Complaince		
Mechnanisms for proportionality	✓	✓	✓	✓	✓
Transition Reliefs	1-5[17]	1-5	5	5	
Phase 2 *Mandatory Adoption* A Retirement Benefit Scheme, a large company and all other PiEs otherthan those already mentioned above		1st Year of adoption		Full Complaince	
Mechnanisms for proportionality		✓	✓	✓	✓
Transition Reliefs		1-5	1-5	5	5
Phase 2 *Mandatory Adoption* SMEs			1st Year of adoption		Full Complaince
Mechnanisms for proportionality			✓	✓	✓
Transition Reliefs			1-5	1-5	5

[17] See paragraph 6.2.1

Phase 3: Governments and other government organizations	To be determined

6.3 Prohition of Abuse of Reliefs

The mechanisms to address proportionality are intended to assist entities, particularly when the IFRS Sustainability Disclosure standards are initially applied. The mechanisms are likely to be helful for entiies that might be less able to comply with the disclosure requirments of the IFRS Sustainability Disclosure standards. Entities are therefore prohibited from exploiting the trainsition reliefs to circumvent the obligation of full and transparent disclosures of sustainability related financial information. For purposes of this paragraph, "abuse" is defined as any action of inaction by an entity contravening the objectives of proportionalty,including but not limited to, deliberate misapplication, manipulation or evasion of reporting reuirments.

7.0 DISCLOSING SUSTAINABILITY INFORMATION GENERAL REQUIREMENTS

7.1 Sources of Guidance

In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a SrRO, an entity shall apply judgement to identify information that is relevant and faithfully represent that SrRO. In doing so, the entity shall:

(i) Refer to and consider the applicability of the disclosure topics in the SASB Standards. If an entity concludes that the disclosure topics in the SASB Standards are not applicable in the entity's circumstances, the entity shall;

(ii) Refer to and consider the applicability of:
- the CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity- related Disclosures;
- The most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general-purpose financial reports;
- The SrROs identified by entities that operate in the same industry(s) or geographical region(s).

7.2 Location of disclosures

In order to align with existing reporting practices, reporting entities in Uganda are required to provide disclosures required by IFRS Sustainability Disclosure Standards as part of thier general purpose financial reports. An entity may choose any of the following locations for Sustainability-related disclosures:

(i) Same Location as Regulatory Disclosures:

Sustainability-related disclosures should be placed alongside information that fulfils regulatory requirements.

(ii) Management Discussion and Analysis:

Organisations can include sustainability- related financial information as part of the management commentary, aligning it with broader discussions on performance, strategy, and risk management.

(iii) Separate Sustainability Report with Cross-References:

Entities may issue a separate sustainability report, provided it is clearly cross-referenced within the annual report to ensure users can easily access related financial and sustainability information.

7.3 Timing of reporting

The timing of sustainability related disclosures should be consistent with the timing for financial statements. Entities are required to report their sustainability- related financial disclosures at the same time as their related financial statements and it shall cover the same reporting period as the related financial statements subject to the exemption provided for the first year of reporting.

The reporting period is usually a 12-month period. If longer or shorter, the organisation needs to disclose the period covered, the reason for using a longer or shorter period, and the fact that the amounts disclosed in the sustainability-related financial disclosures are not entirely comparable.

Disclosure of information about transactions, other events and conditions that occur after the end of the reporting period that could reasonably be expected to influence the decisions of primary users of general-purpose financial reports shall also be required.

7.4 Comparative information

An entity is required to disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. An entity shall not comply with this requirement where another IFRS Sustainability Disclosure Standard permits or requires otherwise or the entity decides to apply the relief available for comparative reporting for the first year.

Comparatives should be prepared using the same methods and definitions as in the current reporting period, in order to ensure transparency and consistency. If changes in estimates or methods impact comparatives, organisations should explain these adjustments.

7.5 Statement of compliance

In line with existing requirements in financial statements, 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, except where the omissions are due to legal or regulatory prohibitions or when information is commercially sensitive.

7.6 Judgements, Measurement Uncertainties and Errors

Sustainability disclosures often involve significant judgments, measurement uncertainties, and potential errors. Organisations should clearly disclose the judgments made in preparing sustainability- related financial information, including:

a. The basis of estimations and assumptions used.
b. Measurement uncertainties, particularly in areas like emissions data or financial impacts of climate risks.
c. Any discovered errors and corrections, along with their implications on previously reported sustainability information.

8.0 ASSURANCE SUSTAINABILITY-RELATED INFORMATION

8.1 Introduction

The importance of assuring sustainability related information cannot be overemphasised, if credibility, trust and accuracy of such information is to be pronounced. In relation to IFRS Sustainability Disclosure Standards, assurance plays a crucial role in verifying the accuracy of climate-related disclosures, such as greenhouse gas (GHG) emissions, energy use, and other environmental impacts.

The assurance roadmap is designed in such a way that progress will be made from limited to reasonable assurance and from requiring assurance on some parts of the standard to requiring full assurance on all the standards. Entities that already obtain some form of assurance on their sustainability disclosures are encouraged to continue and ensure they do not deviate from the provisions of the assurance roadmap.

8.2 Assurance Standard

The International Standard on Sustainability Assurance (ISSA) 5000, G*eneral Requirements for Sustainability Assurance Engagements*, developed by the International Auditing and Assurance Standards Board (IAASB), serves as a comprehensive, standalone standard suitable for any sustainability assurance engagements. It applies to sustainability information reported across any sustainability topic and prepared under multiple frameworks, including the IFRS Sustainability Disclosure Standards.

In Uganda, Sustainaibiltiy Assurance will be based on ISSA 5000 and shall be applied to:

a. Sustainability information prepared in accordance with any sustainability reporting framework, standard or other suitable criteria.
b. All sustainability information regardless of the mechanism for reporting the information.
c. Limited and reasonable assurance engagements.

8.3 Phased Assurance Approach

Given the complexity and resource-intensive nature of sustainability assurance, this *Roadmap adopts a* phased approach to assurance. This approach is intended to ensure that entities can gradually develop their capacity for assurance while still providing stakeholders with reliable information on key sustainability metrics.

8.3.1 Phase 1 Assurance Approach – Narrow Scope of Assurance

In Phase 1 of adoption, assurance shall focus on a limited set of key sustainability metrics, particularly those related to climate-related disclosures under IFRS S2. This includes:

- **Scope 1 and Scope 2 GHG emissions**: These are the most direct and measurable emissions associated with an entity's operations. In Phase 1, assurance will focus on verifying the accuracy of Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from the consumption of baseline for their climate-related disclosures.
- **Energy use and efficiency**: Assurance in the phase 1 shall also focus on energy consumption and efficiency measures, which are critical for assessing a entity's climate impact and progress toward sustainability goals.
- **Governance and risk management**: Assurance providers shall also verify that entities have the appropriate governance structures in place to manage SrROs, particularly climate-related risks. This will include an assessment of whether entities have integrated sustainability considerations into their broader risk management frameworks.

8.3.2 Phase 2 Assurance Approach – Extended Scope of Assurance

The extended scope of assurance shall expand over time to cover a broader range of sustainability-related disclosures, including:

- **Scope 3 GHG emissions**: These emissions are associated with a entity's value chain and are often more difficult to measure and verify. However, as entities build their capacity for data collection and reporting, the *Roadmap* will require assurance providers to verify Scope 3 emissions data. This is consistent with international best practices and will ensure that entities provide a complete picture of their climate-related risks and impacts.
- **Social and governance disclosures (IFRS S1)**: In addition to climate-related disclosures, assurance providers shall also verify other sustainability-related disclosures, such as those related to social factors (e.g., employee diversity, community engagement) and governance structures (e.g., board oversight of sustainability-related risks). This will ensure that companies' sustainability disclosures are comprehensive and cover all material ESG factors.
- **Alignment with transition arrangements**: The **ISSB's transition reliefs**, which allow companies to adopt IFRS Sustainability Disclosure Standards gradually, will be monitored during this phase. Assurance providers shall verify that entities are complying with these transition arrangements and are on track to meet the full reporting requirements under IFRS Sustainability Disclosure Standards.

8.4 Accreditation of Sustainability Assurance Providers

Assurance of sustainability related information shall be carried out by a qualified and experienced independent assurance provider. The assurance providers shall be holders of a practising certificate for 'non assurance services' or 'all services' as issued by ICPAU and shall possess relevant sustainability accreditation as required by ICPAU. The assurance for sustainability related information shall be provided by an independent assurance provider.

Due to the technical and sophisticated nature of the assurance required, it will not be unusual to find professionals who may possess the skills or technical expertise to assure certain elements of sustainability related information. In this case, arrangements for delegation and onboarding such third-party providers will be permitted. Only that the assurance provider lincensed by ICPAU shall remain responsible for the assignment.

8.5 The Assurance Roadmap

Phase	**Timelines** (***Accounting period beginning on or after***)	**Entities Involved**	**Limited Assurance** (excluding Scope 3 emissions, scenario analysis and transition plans))	**Reasonable Assurance** (excluding Scope 3 emissions, scenario analysis and transition plans).	**Reasonable Assurance** ***(with limited Scope 3 Emissions*** of S1 and S2 disclosures)[18]
Phase 1 - Voluntary Adoption	1 January 2026	All organisations	1 January 2027	1 January 2028	1 January 2029
Phase 2 - Mandatory Adoption	1 January 2028	▪ Listed Entities ▪ Financial institutions including micro-finance deposit-taking institutions ▪ Insurance and Re-insurance entities ▪ Savings and Credit Cooperative Organisations (considered as PiEs) ▪ Public Utility entities reporting using IFRS Accounting standards	1 January 2029	1 January 2030	1 January 2031

[18] Reasonable Assurance with all disclosures and full quantitative assurance will be considered and guidance provided after assessment of progress for FY 2029.

	1 January 2029	▪ A Retirement Benefits Schemes ▪ A large Company & ▪ all other PiEs otherthan those already mentioned above	1 January 2030	1 January 2031	1 January 2032
	1 January 2030	SMEs	1 January 2031	1 January 2032	1 January 2033
Phase 3 - Public Sector Entities	To be determined by ICPAU	Public Sector Entities	Align with IPSASB sustainability standards	To be determined by ICPAU	To be determined by ICPAU

8.6 Ethical Requirements for Sustainaibitlity Assurance Providers

The IESBA's Global Ethics Sustainability Standards encompass the *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESSA), revisions to existing sustainability reporting standards. These standards are built on fundamental ethical principles for reporting and assurance, providing a robust foundation for delivering high-quality sustainability information by: offering a coherent ethical infrastructure for sustainability reporting and assurance; Mitigating unethical conduct; Enhancing investor protection and Promoting judgments and decision-making. The standards shall be adopted for periods starting on or after December 15, 2026.

Providers of assurance for sustainability-related disclosures shall be required to be comply with the International Ethics Standards Board for Accountants' Code of Ethics and in particular the International Ethics Standards for Sustainability Assurance (Including International Independence Standards) & Other Revisions to the Code Relating to Sustainability Assurance & Reporting

9.0 ADVOCACY AND COMMUNICATION

Advocacy and communication are a very important ingredient of effective adoption. Professional bodies, Regulators, Policy Makers, Specialised Institutions, Academia and the Media (including the social media) have been identified as necessary stakeholders in the adoption process. There is need to create awareness, to enable the stakeholders embrace the implication of sustainability in depths.

ICPAU will play a crucial role in advocating for the adoption of IFRS Sustainability Disclosure Standards through targeted and focused capacity-building sessions for both preparers and auditors. These sessions will emphasize the value of sustainability disclosures and the long-term benefits of adopting IFRS Sustainability Disclosure Standards. The sessions will also focus on simulations exploring available information technology applications for a practical appreciation of the implementation of the IFRS Sustainability Disclosure Standards.

In addition to training, ICPAU will provide guidance materials, toolkits, and guidelines, especially for SMEs, to enhance understanding and ease implementation of the IFRS Sustainability Disclosure Standards. By actively engaging with other regulators, industry leaders, and other stakeholders, ICPAU will foster policy alignment and support a unified approach to sustainability reporting.

10.0 CAPACITY BUILDING AND SUPPORT

10.1 Introduction

The successful implementation of IFRS Sustainability Disclosure Standards in Uganda hinges on a well-structured capacity-building and support strategy that addresses the diverse needs of public and private sector entities, their assurance providers and the relevant regulators.

10.2 Training of Reporting Entities

The capacity-building strategy will focus on providing a comprehensive training to all reporting entities with priority extended to entities in Phase 1 – mandatory adoption and spread to all other entities including Public sector entities. The training themes will in the early stages focus on the technical aspects of the IFRS Sustainaiblityv Disclosure Standards such as **Climate-related disclosures (IFRS S2)** and how the same relates to the practical applications. This will then spread to practical application softhe requirements and expericne sharing.

10.3 Training of Assurance Providers

A key aspect of IFRS Sustainability Disclosure Standards is the verification of sustainability disclosures through external audits. Auditors and assurance providers will require specialised training to ensure the credibility of these disclosures. The assurance standards require particular level of c*ompetences and extend particular responsibilities to the Assurance engagement Leader that is such persons need to* have competence and capabilities in assurance skills and techniques developed through extensive training and practical application, an understanding of the relevant ethical requirements applicable to the engagement, as well as sufficient sustainability competence to accept responsibility for the conclusions reached.

ICPAU will thus consider mechnaisms that will enable assurance providers to apply relevant training, knowledge, and experience, within the context provided by the assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances for the benefit of both the assurance engagement leaders and their engagement team members.

Training assurance providers on IFRS Sustainability Disclosure Standards on the specific requirements of IFRS Sustainability Disclosure Standards, focusing on areas such as climate-related risk disclosures, governance structures, and sustainability metrics like GHG emissions, will equally form a key capacity building targets for the success of sustainability assurance.

10.4 Engagements with other Stakeholders

Long-term capacity building for sustainability reporting in Uganda requires a well choreographed approach that seeks to ensure training on sustainability related programs and active role of various stakeholders within the education value chain; such as institutions of higher learning, sector specific associations and or regulators, ICPAU as a public Accountancy organisation among others in designing a fit for purpose curricula relevant to sustainibaility.

The Uganda Institute of Banking and Financial Services has for example concluded development of a Green Finance curriculum which is intended to introduce among others core sustainable finance concepts as a way of driving the adoption of sustainability principles and ESG considerations into the banking space. Such sector specifc approach will be key in ensuring that appropriate knowledge and skill growth is achieved in the sustainability space.

10.5 ICPAU Training commitments - Professional Accountancy Organisations

The ICPAU will work to offer continuing professional development (CPD) programs for accountants and auditors and the general public. These programs will take the form of:

- Specialised Training on IFRS Sustainability Disclosure Standards: Providing training on the technical aspects of IFRS Sustainability Disclosure Standards, sations in meeting sustainability reporting requirements.
- Certification Programs: Designing certification programs for professionals specialising in sustainability reporting and assurance, ensuring that these certifications meet both national and international standards.
- One or two day engagements with option to share lessons from early adopters of IFRS Sustainability Disclosure Standards or experenced individudals to promote collaborative learning.
- Engagement and participation in regionalor international forums and knowledge sharing avenues. ICPAU is already a member of the Pan African Federation of Accountants' Sustainiblity Centre of Execellence (CoE). The CoE is charged with accelerating the adoption of the ISSB Standards, driving quality implementation of the ISSB Standards and facilitating Africa's voice in the development of the ISSB Standards,all this done as a way of ensuring that Africa embraces and implements the global sustainability standards in order to align with international frameworks.

11.0 ENFORCEMENT, MONITORING AND SUPPORT

11.1 Introduction

The IFRS Sustainability Disclosure Standards aims to place sustainability information at a comparable level to that of financial information. In order toachieve the desired objectives as mentioned in this RoadMap, ICPAU considers the enforcement of sustainability information to play an important role in reaching this goal. To ensure compliance with IFRS Sustainability Disclosure Standards, Uganda will establish a robust system of monitoring and enforcement that includes both regulatory oversight and market-based incentives. These enforcement mechanisms will be essential for ensuring that entities not only meet the minimum reporting requirements but also provide high-quality, reliable sustainability disclosures.

11.2 ICPAU Role

ICPAU is mandated to ensure compliance with reporting standard set by independent standards setting Boards such as the International Federation of Accountants and the IFRS Foundation's setting Boards that issue both accounting and sustainability disclosure standards. As such, ICPAU shall play a crucial role in overseeing adherence to the IFRS Sustainability Disclosure Standards.

Since the requirements relating to the sustainability information framework are newer than the corresponding framework for financial information, there is an expected steep learning curve for reporting entities in the first years of reporting. This will be especially true in the case of first time preparers. It is thus important that ICPAU will retain a certain degree of flexibility regarding the enforcement model, meaning e.g. that ICPAU and any other regulators would be free to apply an integrated model in which the enforcement of financial information and sustainability information is done in one process and at the same time. ICPAU will from time to time provide clarity on any matters relating to this Roadmap for a better implementation process.

ICPAU notes the fact that this Roadmap will be applied both by entities supervised by other regulators but also by entities that may fall outside the scope of such supervision, that is with no particular regulatory body. ICPAU would clarify the application of the Roadmap and the IFRS Sustainaibltiy Disclosure standards by such non-supervised entities and consider the potential risk for an unlevelled playing field for such entities vis-à-vis supervised entities.

The enforcement action of the ICPAU will be initially centred on supporting and guiding entities as they navigate their way in implementing the standards. Such programs like the periodical Financial Reporting (FiRe) Awards, the Quality Review checks among other, shall continuously be applied in order to ensure compliance.

It is not expected that the ICPAU will apply sanctions especially at the early state of adoption. The ICPAU will also develop guidelines that will specify specific roles and responsibilities of other relevant regulators in the adoption process and beyond to ensure harmonization.

11.3 Role of other Regulators

The Bank of Uganda, Insurance Regulatory Authority, Capital Markets Authority, The Uganda Retirement Benefits Regulatory Authority and the Uganda Cooperative Alliance shall support the enforcement of the IFRS Sustainaibltiy Disclosure standards among financial institutions, insurance and reinsurance companies,Retirement Benefits Schemes and Cooperative Societies (SACCOs) respectively. Initially, regulators will prioritize on collaborative (or otherwise) training of stakeholders on IFRS Sustainability Disclosure Standards and providing support to facilitate their smooth implementation. **Appendix III** of this Road map gives a detailed guidance on the expected roles of some of the regulators in the IFRS Sustainability disclosure standards implementation journey.

12.0 CONCLUSION

Uganda has demonstrated significant climate ambitions through various initiatives and commitments aimed at addressing the impacts of climate change and enhancing resilience. Adoption of IFRS Sustainability Disclosure Standards represents a major step forward in Uganda's commitment to sustainability, transparency, and green finance.

A staggered adoption approach is preferred to give priority to entities in the phase of mandatory adoption as these are deemed to be well resourced, but also of great interest to the investors.

The Roadmap also provides for an assurance approach for sustainability information in a phased manner ranging from limited assurance, reasonable assurance with limited scope 3 emission to full reasonable assurance. Succeful implementation of the Roadmap hinges on the active involvement of ICPAU and other regulatory bodies such as BoU, CMA and other stakeholders by way of providing guidance, monitoring & support but also enforcement of the requirements of the standards.

Appendix I: Regulatory Framework

SN	Law, Regulation or Guidelines	Key ESG Elements	Relevance to IFRS Sustainability Disclosure Standards
	The United Nations Framework Convention on Climate Change (UNFCCC)	The ultimate objective of this International Convention is to achieve, the stabilization of greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.[19] The Ugandan government signed and ratified the UNFCCC in 1992 and 1993 respectively.	
	Kyoto Protocol to the United Nations Framework Convention on Climate Change	This protocol[20] sets binding numerical targets for the limitation and reduction of greenhouse gas emissions.[21] Parties included in Annex I, in achieving their quantified emission limitation and reduction commitments under Article 3, in order to promote sustainable development, are required to implement elaborate policies and measures in accordance with their national circumstances, such as enhancement of energy efficiency in relevant sectors of the national economy; protection and enhancement of sinks and reservoirs of greenhouse gases, promotion of sustainable forest management practices among others. Uganda although not part of the Annex I countries, it has nevertheless undertaken a number of projects which have the effect of mitigating the problem of climate change	
	The Vienna Convention	This Convention's objectives include the protection of human health and the	

[19] Art 2 of the UNFCCC
[20] Uganda ratified the Protocol in 2002.
[21] Kyoto Protocol - art 3 read together with Annex A.

	for the Protection of the Ozone Layer (1985)	environment against adverse effects resulting or likely to result from human activities which modify or are likely to modify the ozone layer (among others). The convention requires parties to take appropriate measures in accordance with its provisions among others.	
	The 1995 Constitution of Uganda	• The Constitution has provisions for enhancing conservation and management of the environment and natural resources. The Constitution pronounces the public trust doctrine and a number of environmental duties. For instance, the state is enjoined to protect natural resources including land, water, wetlands, minerals, oils, fauna and flora on behalf of the people of Uganda.[22] • The state is also under a duty to promote sustainable development & public awareness of the need to manage land, air and water resources in a balanced and sustainable manner for the present and future generations.[23] • It further provides for a right to every Ugandan to a clean and healthy environment.[24]	Aligns with IFRS S1 and IFRS S2, supporting disclosures on environmental rights, social inclusion, and compliance with sustainability principles.
	National Adaptation Programmes of Action (NAPA)	• Considered first national 'policy' fully dedicated to climate change adaptation.[25] • Prioritized nine adaptation projects including: community tree growing; land degradation management; strengthening meteorological services; indigenous knowledge and natural resources management; and climate change and development planning among others.	
	National climate change policy (NCCP)	The goal of the NCCP is to ensure a harmonised and coordinated approach towards a climate-resilient and low-carbon development path for sustainable development in Uganda. The overarching objective of the policy is to ensure that	

[22] The Consititutionof the Republic of Uganda - Principle XIII.
[23] The Constitution (n 21) Principle XXVII.
[24] The Constitution (n 21) art 39
[25] Friis and others. Decentralization and Implementation of Climate Change Policy in Uganda (2013), (DIIS Working Paper 27).

		all stakeholders address climate change impacts and their causes through appropriate measures while promoting sustainable development and a green economy.	
	The National Environmental Action Plan (NEAP) and the National Environment Management Policy[26] (NEMP)	The National Environment Action Plan (NEAP) provided a framework for addressing gaps in environment management as well as a strategy for integrating environment into the national socio-economic development. One of the outcomes of the NEAP was the formulation of the National Environment Management Policy (NEMP) of 1994. The overall Goal of the NEMP is sustainable social and economic development which maintains or enhances environmental quality and resource productivity on a long term-basis that meets the needs of the present generations to meet their own needs.	
	National Oil and Gas Policy (NOGP)	NOGP enshrines 'Protection of the Environment and Conservation of Biodiversity' as one of its guiding principles. To operationalise this, the NOGP mentions, first, putting in place the right 'institutional and regulatory framework to address environment and biodiversity issues relevant to oil and gas activities' and, second, ensuring there is 'the necessary capacity and facilities to monitor the impact of oil and gas activities on the environment and biodiversity.'[27]	
	The National Energy Policy, 2002	The Policy goal is to meet the energy needs of Uganda's population for social and economic development in an environmentally sustainable manner.[28] The energy policy seeks: to establish the availability, potential and demand of the various energy resources in the country, increase access to modern, affordable and reliable energy services, improve energy governance and administration,	

[26] GoU, the National Environment Management Policy for Uganda; Ministry of Water, Lands and Environment, 1994.
[27] https://www.petroleum.go.ug/media/attachments/2021/07/13/nogp2008.pdf
[28] Gou, The Energy Policy for Uganda, Ministry of Energy and Mineral Development, (September, 2002).

		stimulate economic development and manage energy-related environmental impacts.	
	Uganda Forestry Policy 2002[29]	The objective of the Uganda Forest Policy is to establish an integrated forest sector that achieves sustainable increase in the economic, social and environmental benefits from forests and trees by the people of Uganda, especially the poor and vulnerable. The policy provides for the protection of Permanent Forest Estate (PRE) under government trusteeship and the development and sustainable management of natural forest on private land.	
	The National Environment Act Cap. 181 (NEA)[30]	NEA provides for sustainable management of the environment, establishes an authority as a coordinating, monitoring and supervisory body for that purpose.[31] The Act provides that every person has a right to a healthy environment and a duty to maintain and enhance the environment, including the duty to inform the authority or the local environment committee of all activities and phenomena that may affect the environment significantly. The Act establishes the National Environment Management Authority (NEMA), which is the principal agency in Uganda for the management of the environment and it coordinates, monitors and supervises all the activities in the field of environment. The Act in Part IV makes provision for the establishment of environmental standards.	
	Electricity Act Cap. 157	The Electricity Act provides for the establishment of the Electricity Regulatory Authority (ERA) whose functions include: issuing licenses for the generation, transmission, distribution or sale of electricity; controlling activities in the electricity sector among others.	

[29] GoU, The Uganda Forestry Policy, Ministry of Water, Land and Environment (2001)
[30] National Environment Act, (NEA) Cap 153 Laws of Uganda (2000).
[31] NEA (n 16) the long title to the Act.

		The Act requires that before a license is issued; the developer shall provide NEMA the description of the impact of the project on electricity supply, socio-economics, cultural heritage, the environment, natural resources and wildlife.	
	The National Forestry and Tree Planting Act Cap 160	This provides for conservation, sustainable management and development of the forest for the benefit of the people of Uganda; provides for the declaration of forest reserves for purposes of protection and production of forests and forest produce; provides for the sustainable use of forest resources and the enhancement of the productive capacity of forests and provides for the promotion of tree planting.[32]	
	The Uganda National Climate Change Act Cap. 182	The Act, is adopted to give the force of law, in Uganda, to the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement; to provide for climate change response measures; to provide for the participation in climate change mechanisms; to provide for the measuring of emissions, reporting and verification of information; to provide for the institutional arrangements for coordinating and implementing climate change response measures; to provide for the financing for climate change.	
	The Companies Act Cap 106	The Companies Act, requires public companies to mandatorily adopt Table F and private companies may choose to adopt the same. Article 15 of Table F provides for among others sustainability reporting.	
	National Environment (Management of Ozone Depleting Substances and Products) Regulations[33]	The object of these regulations is to regulate the production, trade and use of the controlled substances and products; provide a system of data collection that will facilitate compliance with the relevant reporting requirements under	

[32] National Forestry and Tree Planting Act, 2003, the long title of the Act.
[33] Statutory Instrument No.63 of 2001

		the protocol;[34] among others. The relevance of these Regulations to climate change mitigation lies in the fact, as observed earlier, that the depletion of the ozone layer is one of the causes of increased global warming and climate change.	
	National Environment (Waste Management) Regulations[35]	These Regulations apply to all categories of hazardous and non-hazardous wastes, to the disposal and storage of hazardous waste and their movement into and out of Uganda; and to all waste disposal facilities, landfills, sanitary fills and incinerators.[36] A person who owns and controls a facility or premises which generate waste shall minimize the waste generated by adopting cleaner production methods like; improvement of production process through- conserving raw materials and energy, eliminating the use of toxic raw materials ,	
	The Environmental Impact Assessment Regulations	The NEA requires that projects specified in the third schedule to the Act be subjected to environmental impact assessment before they are undertaken. NEMA is given powers in consultation with the lead agency, to adopt guidelines with respect to environmental impact studies, on their format and contents;	

[34] ibid Reg 2, Protocol for purposes of these Regulations means the Montreal Protocol on Substance that Deplete the Ozone Layer adopted in 1987, as amended from time to time.
[35] Statutory Instrument No. 52 of 1999.
[36] ibid Reg 3.

<u>Appendix II</u>: Mechanisms for Proportionality

There are circumstances within IFRS S1 that provide reliefs for entities from disclosing certain information such as when the law or regulation prohibits disclosure of such infromtion or where the information if commercially sensitive. Other practical expedients exist in relation to the mechanisms for proportionality for which if an entity chooses toapply them such an entity cannot be prevented from claiming compliance with IFRS Sustainability Disclosure Standards. These include:

Information used limited to what is reasonable, supportable and available without undue cost or effort
a. **Determination of anticipated financial effects** – such as: • preparing disclosures about the anticipated financial effects of a sustainability-related risk or opportunity disclosure topic on the reporting entity's financial performance, financial position and cash flows;[37][38]
b. **Climate-related scenario analysis** – such as: • performing climate-related scenario analysis to assess its climate resilience;[39]
c. Measurement of Scope 3 greenhouse gas (GHG) emissions • when selecting the measurement approach, inputs and assumptions it uses in measuring Scope 3 GHG emissions[40]
d. Identification of risks and opportunities
e. Determination of the scope of the value chain • determining the scope of its value chain in relation to each sustainability-related risk or opportunity topic identified; [41] • using coterminous value chain GHG emissions data when measuring absolute GHG emissions along its value chain;[42]
f. **Calculation of metrics in some cross-industry categories** – such as: • disclosing information relevant to the cross-industry metric categories of:[43] - climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks; - climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks; - climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;

[37] IFRS S1.37(a) and B8-B10 and Basis for Conclusions on IFRS S1.BC14(c)
[38] IFRS S2.18(a)
[39] IFRS S2.22 and B1-B18
[40] IFRS S2.29(a), B39 and B54
[41] IFRS S1.12, B6(b) and B8-B10 and Basis for Conclusions on IFRS S1.BC14(b)
[42] FRS S2.29(a) and B19
[43] IFRS S2.30 and 29(b) – (d)

Qualitative approaches allowed if an entity lacks skills, capabilities or resources
a. **Determination of anticipated financial effects** • preparing disclosures about the anticipated financial effects of a sustainability-related risk or opportunity topic[44][45] • using the ‘unable to do so’[46] exemption from providing quantitative information about the current or anticipated financial effects of a sustainability-related risk or opportunity disclosure topic[47]
b. **Climate-related scenario analysis** • performing climate-related scenario analysis to assess its climate resilience[48][49] • using the ‘unable to do so’[50] exemption from using a quantitative or technically sophisticated approach to climate-related scenario analysis without undue cost or effort[51]

[44] IFRS S1.37(b)
[45] IFRS S2.18(b) and 20
[46] IFRS S1.BC9
[47] IFRS S1.38
[48] IFRS S2.22 and B6
[49] IFRS S2.22 and B1-B18
[50] IFRS S1.BC9
[51] IFRS S2.B6

APPENDIX III: Role of Regulatory Bodies

The process for adopting IFRS Sustainability Disclosure Standards is led by institutions specifically involved in the enactment of laws and regulations, the enforcement of those laws and regulations and the development of programs to facilitate the process. The responsible institutions are set out herebelow, each playing a specific role in ensuring that reporting entities comply with the standards.

SN	INSTITUTION	KEY ROLE
	Institute of Certified Public Accountants of Uganda (the ICPAU)	Responsible for the accreditation of auditors and assurance providers, ensuring that they are qualified to verify sustainability disclosures prepared in accordance with IFRS Sustainability Disclosure Standards. Key responsibilities of the ICPAU include: ▪ Accreditation of assurance providers: ▪ Capacity building for assurance providers: ▪ Monitoring and quality assurance: ▪ Support implementation through market led iniatives such as the FiRe Awards
	Central Bank of Uganda (BoU)	The BoU will play a central role in regulating financial institutions and other financial service providers. The BoU's oversight will focus on integrating sustainability-related financial disclosures into its prudential supervision framework, ensuring that financial institutions align with the sustainability reporting requirements set forth by IFRS Sustainability Disclosure Standards but also develop guidance material on sustainable Finace and climate related pronouncements. Key responsibilities of the BoU include: ▪ Supervision and compliance ▪ Capacity building ▪ Monitoring and enforcement
	Capital Markets Authority (CMA)	The CMA will work in close coordination with the USE to oversee the broader capital markets' compliance with sustainability reporting requirements. The CMA's role will extend to all capital market participants, including investment firms, asset managers, and other entities involved in raising and managing capital.

		Key responsibilities of the CMA include: ▪ Regulation and compliance for Capital market players ▪ Investor protection: ▪ Supporting green finance initiatives such as issuance of green bonds e.t.c
	Uganda Stock Exchange (USE)	The USE is to regulate listed companies and oversee their compliance with IFRS Sustainability Disclosure Standards. Key responsibilities of the USE include: ▪ Guidance and oversight ▪ Review and enforcement ▪ Create Market incentives for excelling entities in sustainability reporting
	Ministry of Finance Planning and Economic Development (MoFPED)	A pivotal role in advancing Uganda's climate finance agenda is played by the Ministry of Finance, Planning, and Economic Development (MoFPED). Within this ministry, the Climate Finance Unit (CFU) has been established The Ministry will play a coordinating role in ensuring that Uganda's adoption of IFRS Sustainability Disclosure Standards is aligned with the country's broader economic policies and development goals. The Ministry through the CFU will ensure that the financial resources necessary for climate initiatives are effectively mobilized, managed and utilized, thereby supporting Uganda's ambitious climate agenda. Key responsibilities of MoFPED include: ▪ Policy coordination ▪ Mobilising resources ▪ Monitoring implementation