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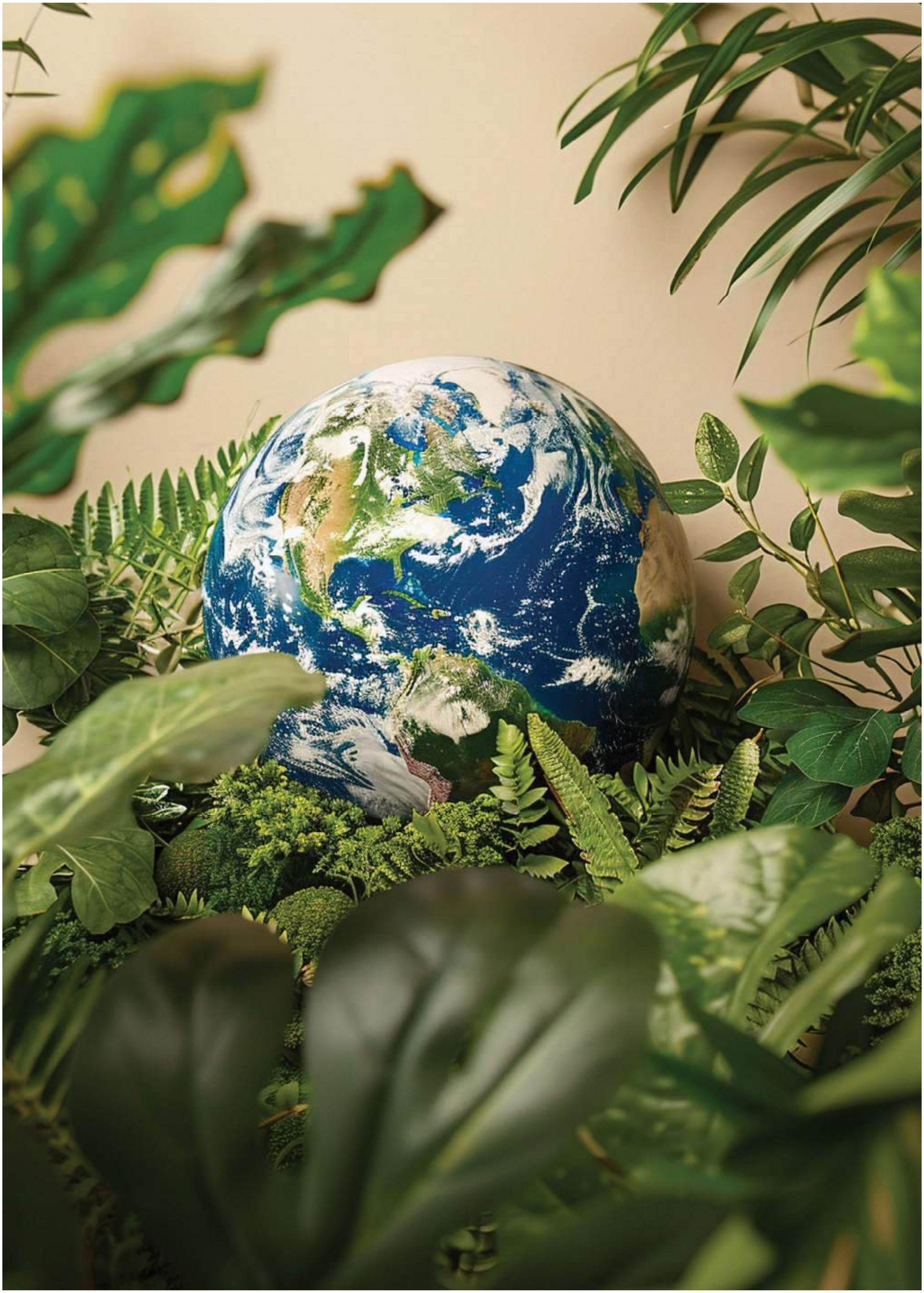
ROADMAP FOR ADOPTION OF IFRS SUSTAINABILITY DISCLOSURE STANDARDS IN KENYA

Developed by the Institute of Certified Public Accountants of Kenya | Funded by FSD Kenya



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ACRONYMS AND ABBREVIATIONS

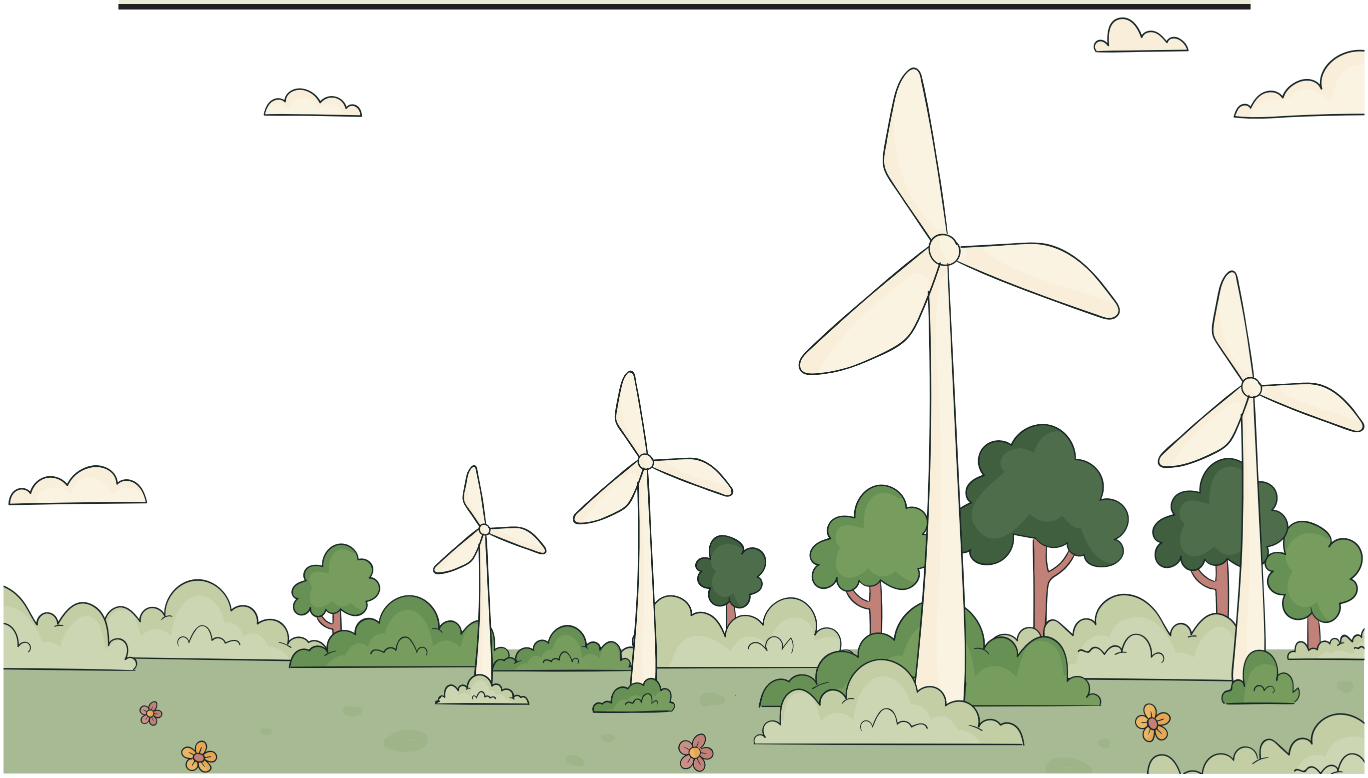
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures
IPSASB	International Public Sector Accounting Standards Board
ISSB	International Sustainability Standards Board
ISAE	International Standards on Assurance Engagements
PIEs	Public Interest Entities
SASB	Sustainability Accounting Standards Board
SrROs	Sustainability-related Risks and Opportunities
SMEs	Small and Medium-sized Enterprises
TCFD	Task Force on Climate-related Financial Disclosures

Term	Definition
Baseline Establishment	Setting a starting point against which sustainability progress is measured.
Carbon Disclosure Project	A global system that encourages organisations to measure and manage their environmental impacts.
Climate-related Opportunities	Benefits from adopting climate strategies and technologies that lead to climate risks mitigation and adaptation initiatives, such as resource efficiency, renewable energy use, biodiversity conservation and new market access.
Climate-related Risks	Hazards that originate from effects of climate change which includes physical risks such as extreme weather and transition risks such as regulatory or market shifts.
Climate-related Disclosures	Information regarding an organisation's climate risks and opportunities, aligned with IFRS S2.
Environmental, Social, and Governance	A framework for guiding and measuring an organisation's performance in terms of environmental, social, and governance factors.
Global Reporting Initiative	A framework that provides guidelines for reporting economic, environmental, and social impacts.
Governance Disclosures	Information on an organisation's processes, controls, and oversight of sustainability-related risks and opportunities.
Greenhouse Gas Protocol	A framework for measuring and managing greenhouse gas emissions.
Guidance	A collective name for frameworks, principles, standards or guidelines that organisations use to prepare consistent, reliable, and comparable sustainability information.
IFRS Sustainability Disclosure Standard (IFRS S1)	General requirements for disclosure of sustainability-related financial information.
To read IFRS Sustainability Disclosure Standard (IFRS S2)	Climate-related disclosures – a standard that sets out specific climate-related disclosure requirements for an organisation to disclose information about its climate-related risks and opportunities.

IFRS Integrated Reporting Capitals	The six capitals (financial, social and relationship, human, manufactured, intellectual, and natural) used to evaluate how organisations create value over time.
Integrated Reporting Framework	A framework focusing on how an organisation creates, preserves, or erodes value over time.
International Auditing and Assurance Standards Board	An organisation developing global auditing and assurance standards, including the upcoming sustainability assurance standard 5000.
International Sustainability Standards Board	An organisation responsible for developing IFRS Sustainability Disclosure Standards.
Large Enterprise	An entity that does not meet the PIEs criteria but is significant in terms of size, revenue or influence.
Limited Assurance	A type of assurance engagement that offers moderate confidence about the accuracy of reported information.
Materiality	Materiality in sustainability reporting refers to the principle of identifying significant information that could reasonably be expected to impact stakeholder decision-making.
National Climate Change Action Plan	Kenya's strategy for climate change mitigation and adaptation, aligned to Kenya's National Determined Contributions commitments.
Non – PIEs	Organisations that do not meet the PIE criteria.
Partnership for Carbon Accounting Financials	A framework providing a standardized method for financial institutions to measure and disclose the greenhouse gas emissions of their loans and investments.
Physical Risks	Climate-related risks that involve direct physical impacts, such as acute (e.g. floods, droughts) and chronic (long-term changes e.g. sea level rise, increased average temperatures).
Public Interest Entity	An entity is a public interest entity when it falls within any of the following categories: a. A Publicly Traded Entity; b. An entity one of whose main functions is to take deposits from the public; c. An entity one of whose main functions is to provide insurance to the public; or

	d. An entity specified as such by law, regulation or professional standards reflecting significant public interest in the financial condition of such an entity due to the potential impact of their financial well-being on stakeholders.
Publicly Traded Entity	An entity that issues financial instruments that are transferrable and traded through a publicly accessible market mechanism, including through listing on a stock exchange. A listed entity as defined by relevant securities law or regulation is an example of a Publicly Traded Entity.
Readiness Assessment	An evaluation to determine if an organisation is prepared to comply with the IFRS Sustainability Disclosure Standards.
Reasonable Assurance	A higher level of assurance that provides strong confidence in the accuracy of reported sustainability information.
Scenario Analysis	A process of evaluating the impact of different potential future scenarios, especially related to climate risks.
Scope 1, 2, and 3 Emissions	Categories of greenhouse gas emissions, where: • Scope 1: Direct emissions from owned or controlled sources. • Scope 2: Indirect emissions from the generation of purchased energy. • Scope 3: Other indirect emissions across the reporting organisations' value chain.
Small and Medium-sized Enterprises	Defined based on criteria like the number of employees and annual turnover under the Micro and Small Enterprises Act of 2012.
Stakeholder Engagement	The process of engaging stakeholders such as investors, regulators, employees, and communities in order to understand their material matters and expectations of an organisation.
Sustainability Accounting Standards Board Standards	Industry-specific standards focused on financially material ESG issues that impact an organisation's financial performance.
Sustainable Development Goals	A collection of 17 global goals set by the United Nations to promote sustainable development.

Sustainability-related Opportunities	Positive outcomes from integrating sustainable practices, such as improved efficiency, innovation, and stakeholder relations.
Sustainability Reporting	The practice of disclosing an organisation's environmental, social, economic and governance impacts.
Sustainability-related Risks	Potential negative impacts on a organisation's ability to create value over time due to interactions with environmental, social, and economic factors across its value chain.
Task Force on Climate-related Financial Disclosures	A framework for disclosing climate-related financial risks.
Trade-offs	Decisions where benefits in one area may result in losses or costs in another, often used in the context of balancing sustainability-related risks, opportunities, and resources.
Transition Reliefs	Temporary measures provided during the initial adoption of new sustainability standards, allowing organisations time to adjust to reporting requirements.
Transition Risks	Risks associated with transitioning to a low-carbon economy, including policy, legal, and market changes.



01 EXECUTIVE SUMMARY

In response to the demand for improved global consistency and comparability of sustainability reporting, the International Sustainability Standards Board (ISSB) issued its first two standards on 26 June 2023: IFRS S1 (General Requirements for Disclosure of Sustainability - related Financial Information) and IFRS S2 (Climate - related Disclosures). IFRS S1 outlines general requirements for disclosing material information on sustainability-related financial risks and opportunities, while IFRS S2 focuses specifically on climate-related disclosures. These standards aim to create a comprehensive global baseline and common language for sustainability reporting, enabling comparable, consistent, and decision-useful disclosures.

On 6 September 2023, the Institute of Certified Public Accountants of Kenya (ICPAK), as the country's standard setter and accountancy regulator, announced the intention to adopt these sustainability standards in Kenya. The adoption will follow a phased approach as detailed below:

Phase	Timelines (Accounting period beginning on or after)	Organisations Involved
Phase1 - Voluntary Adoption	1 January 2024	All organisations
Phase 2 - Mandatory Adoption	1 January 2027	Public Interest Entities (PIEs)
	1 January 2028	Non-PIEs (Large Enterprises)
	1 January 2029	Non-PIEs (SMEs)
Phase 3 - Public sector Entities	To be determined by ICPAK	Public Sector Entities

All organisations will undergo a readiness assessment before the initial sustainability disclosures are published. This will help determine organisational preparedness and will focus on governance, strategy, risk management, metrics and targets.

The IFRS Sustainability Disclosure Standards provide a set of transition reliefs during the initial adoption designed to support organisations in building the necessary infrastructure, processes, and expertise for full compliance.

Assurance of sustainability disclosures will take a phased approach, with the earliest expected in the first reporting year and reasonable assurance in place for all organisations by 1 January 2032. The assurance providers must be licensed by ICPAK and possess relevant sustainability accreditation.

The successful adoption of IFRS Sustainability Disclosure Standards in Kenya will require active involvement from key stakeholders, including professional bodies, regulators, industry associations, academia, and policy makers. ICPAK will play a key role in supporting adoption and implementation by providing targeted capacity-building sessions for preparers, offering guidance materials, toolkits, and guidelines. Additionally, ICPAK will monitor the adoption, facilitating feedback on successes, challenges, and lessons learnt, and offer tailored support to ensure full implementation.

The phased adoption of IFRS Sustainability Disclosure Standards in Kenya aims to transform the corporate reporting landscape, fostering a more sustainable business environment. This strategic approach allows organisations to adapt effectively, attract investment, meet stakeholder expectations, and contribute to the global sustainable development agenda. By aligning with international standards, Kenya's business community will be positioned as leaders in responsible and sustainable business practices.

02 BACKGROUND

2.1 Introduction

The global business environment is increasingly recognizing the critical importance of sustainability in driving long-term economic growth, societal well-being and environmental responsibility. In this context, the adoption of robust sustainability disclosure standards has emerged as a pivotal factor in ensuring transparency, accountability, and responsible governance. The International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards represent a significant milestone in this journey, providing a comprehensive framework for sustainability reporting.

In June 2023, the International Sustainability Standards Board (ISSB) issued two landmark standards, namely, IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures. These standards represent a significant step forward in establishing a comprehensive global baseline for sustainability reporting.

On 6 September 2023, the Institute of Certified Public Accountants of Kenya (ICPAK) announced the intention to adopt the inaugural IFRS Sustainability Disclosure Standards in Kenya. ICPAK, established in 1978 under the Accountants Act No.15 of 2008, serves as the statutory body for setting standards and regulating the accountancy profession in Kenya. As a member of the Pan African Federation of Accountants and the International Federation of Accountants, ICPAK is committed to maintaining high standards in financial and non-financial reporting.

Kenya, as one of Africa's leading economies, is poised to take a proactive stance in integrating these global standards into its financial reporting ecosystem. This Roadmap serves as a strategic guide for stakeholders across the public and private sectors. It outlines the necessary steps, timelines, and resources required to successfully implement these standards, thereby enhancing the country's commitment to sustainable development and financial integrity.

The roadmap is structured to address the unique challenges and opportunities within the Kenyan context. It provides a detailed analysis of the current state of sustainability reporting, identifies key stakeholders, and sets forth a phased approach for adoption. This approach includes stakeholder engagement, regulatory alignment, capacity building and the development of supporting structures.

2.2 Objective of the Roadmap

By adopting IFRS Sustainability Disclosure Standards, Kenya aims to achieve several objectives:

a. Enhancing investor confidence thereby unlocking capital flows for sustainable investments.
b. Enhancing transparency and accountability by ensuring that businesses provide clear and consistent information about their sustainability practices and impacts.
c. Aligning Kenya's sustainability reporting with global best practices.
d. Promoting sustainable economic growth by requiring businesses to integrate sustainability into their core strategies.
e. Supporting regulatory and policy development by providing a robust framework for the development and enforcement of sustainability-related regulations.

This Roadmap is intended to aid preparers of sustainability reports towards the successful adoption and implementation of IFRS Sustainability Disclosure Standards. It reflects a collaborative effort, drawing on insights from industry experts, regulators, and best practices from jurisdictions that have adopted IFRS Sustainability Disclosure Standards.

As Kenya embarks on this transformative journey, the Roadmap offers a clear and actionable plan to realize the vision of a sustainable, transparent, and accountable business environment. It underscores the nation's dedication to fostering an economy that not only grows but thrives in harmony with the environment and society at large.

2.3 Challenges of Fragmented Reporting Frameworks

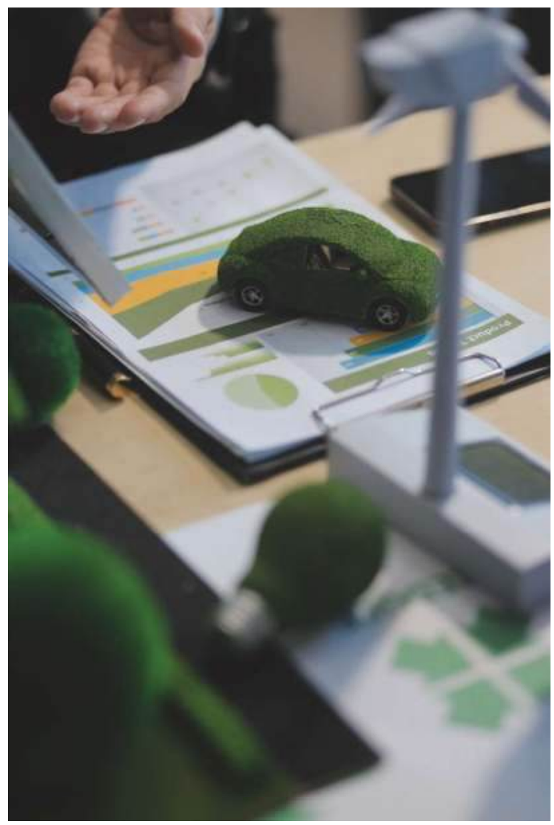
Organisations around the world are facing the difficult task of operationalizing multiple sustainability reporting regulations, and often within short timelines. Various reporting standards and frameworks present their guidelines and interpretations of key concepts, creating challenges for organisations in reporting. The multitude of available frameworks and standards, along with diverse metrics, data, terminology, and reporting criteria, introduces uncertainty for preparers of sustainability reports, making it difficult to determine the most appropriate approach.

Kenya has also witnessed several recommendations towards sustainability reporting. Certain industry groups in Kenya such as the banking sector have developed ESG-related guidelines. The Central Bank of Kenya and Kenya Bankers Association have developed the Guidance on Climate-Related Risk Management for the banking sector and the Kenya Sustainable Finance Principles and Guidelines respectively.

The challenge with this guidance is the absence of a common framework across organisations which hampers comparability. To address this deficiency, ISSB developed a comprehensive global baseline of sustainability-related disclosures. These disclosures aim to provide investors and other capital market participants with information about organisations' sustainability-related risks and opportunities to help them make informed decisions.

2.4 Establishment of a Committee

ICPAK as the Kenyan standard setter commenced collaboration with industry players, regulators, development partners and other stakeholders to ensure preparedness towards adoption of the new standards. To facilitate this, ICPAK established a Multi Stakeholder Sustainability and Climate Change Reporting Committee ("the Committee"). This Committee, working with the Professional Standards Committee and other technical and sector specific sub committees seeks to:



a. Enhance the capacity of preparers and users of financial reports in interpreting and relaying sustainability related disclosures.

b. Spearhead the adoption, transition and full implementation of the IFRS Sustainability Disclosure Standards in Kenya.

As part of their mandate, the Committee conducted a literature review, benchmarking with other jurisdictions and deployed a survey to gain insights on the status of sustainability reporting practices, challenges and readiness to adopt the IFRS Sustainability Disclosure Standards.

The Committee was tasked with developing this Roadmap for timely and effective implementation of the standards and to support their adoption through advocacy and stakeholder engagement. This Committee is constituted of members from diverse backgrounds, including chief executives, chief finance officers, sustainability professionals, representatives of professional accountancy organisations, regulators and industry representatives.

03 International Sustainability Reporting Guidance

For sustainability information to be consistent, reliable, and comparable, it must be prepared using appropriate guidance. The sustainability guidance ecosystem is characterized by a multiplicity of standards and frameworks, where many organisations work towards providing voluntary disclosure guidance to preparers. Sustainability reporting guidance can be classified into two categories:

a. **Frameworks** - these are sets of principles providing guidance and shaping how to approach a particular sustainability topic without prescribing specific topics or metrics.
b. **Standards** – these are specific and detailed criteria or metrics of 'what' should be reported on each topic. Standards make frameworks actionable by supplementing high-level disclosure principles with detailed and structured data.

Sustainability reporting guidance provides organisations with a structure to identify, assess, and disclose on relevant sustainability topics. It enables organisations to benchmark their performance against industry peers and global best practices and communicate their progress to stakeholders. Some organisations utilize a combination of these frameworks and standards to present a comprehensive picture of their sustainability efforts.

The choice of framework or standards depends on an organisation's reporting objectives and two interrelated considerations – the materiality perspective and stakeholders for whom the sustainability disclosures are intended. Different frameworks and standards have different perspectives on materiality and are designed to communicate to specific stakeholder groups. Below are some of the most commonly used guidance.

3.1 IFRS Sustainability Disclosure Standards

In 2023, the ISSB issued its inaugural standards namely:

a. **IFRS S1** - sets out the general requirements for disclosure of sustainability-related financial risks and opportunities that could reasonably be expected to affect the organisation's cash flows, its access to finance or the cost of capital over the short, medium or long term.
b. **IFRS S2** - sets out the requirements for an organisation to disclose information about its climate-related risks and opportunities. The structure of the core content - governance, strategy, risk management, and metrics and targets are aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The aim of ISSB is to establish a comprehensive global baseline of sustainability-related financial disclosures that meet the information needs of primary users in relation to sustainability-related risks and opportunities.

3.2 SASB Standards

The Sustainability Accounting Standards Board (SASB) sets out industry-specific sustainability accounting standards that focus on five key dimensions of sustainability which include; environment, social capital, human capital, leadership and governance, business model and innovation issues that have financial materiality.

The SASB standards identify sustainability topics at the industry level, which may constitute material information for an organisation within an industry. However, each organisation is responsible for determining what information is material for disclosure.

3.3 TCFD Recommendations

The TCFD offers a principles-based framework for disclosing climate-related financial information to stakeholders. The TCFD recommendations encourage organisations to evaluate and disclose their climate-related risks and opportunities most pertinent to their business activities.

TCFD requires disclosure of information on governance, strategy, risk management, and metrics and targets, with a focus on climate-related risks and opportunities. The IFRS Foundation has since taken over TCFD's responsibilities of monitoring progress towards climate-related disclosures against the recommendations.

3.4 GHG Protocol Accounting Standard

The Greenhouse Gas (GHG) Protocol Accounting Standard is a framework for measuring, managing and reporting greenhouse gas emissions. It provides a comprehensive and standardized methodology that allows organisations to accurately quantify their GHG emissions across three scopes:

a. **Scope 1:** direct emissions from owned or controlled sources.
b. **Scope 2:** indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting organisation.
c. **Scope 3:** all other indirect emissions not covered in Scope 2, including emissions from the value chain.

The GHG Protocol Accounting Standard enables organisations to assess their carbon footprint, identify opportunities for emission reductions, and track progress over time.

3.5 GRI Standards

The GRI Standards enable organisations to report their contributions to sustainable development by disclosing their most significant impacts on the economy, environment, and society, including human rights impacts and the measures taken to manage them.

The GRI Standards are organized into three categories:

a. **Universal Standards** - Apply to all organisations, addressing fundamental sustainability topics and general reporting requirements.
b. **Sector Standards** - Provide sector-specific guidelines, helping organisations identify and report on material topics relevant to their sector.
c. **Topic Standards** - Focus on detailed reporting requirements for specific sustainability topics, such as waste, emissions, or labour practices.

By aligning with other global frameworks, such as IFRS S1 and S2, SASB, and the TCFD, the GRI Standards support a holistic approach to sustainability reporting, enabling stakeholders to make informed decisions and fostering accountability in sustainable development efforts.

3.6 Partnership for Carbon Accounting Financials

The Partnership for Carbon Accounting Financials provides a standardized methodology for financial institutions to measure and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

It aligns with the GHG Protocol's Corporate Accounting and Reporting Standard, specifically addressing Scope 3 emissions.

3.7 Carbon Disclosure Project

The Carbon Disclosure Project operates a global disclosure system that enables organisations, cities, states, and regions to measure and manage their environmental impacts.

The Carbon Disclosure Project utilizes a questionnaire-based approach, requesting organisations to disclose data on their environmental footprint, climate change strategies, water management practices, and deforestation risks within their supply chains. The Carbon Disclosure Project scores are widely used by investors, stakeholders, and regulatory bodies to assess environmental accountability, with high scores signalling proactive management and readiness for a low-carbon economy.

3.8 IFRS Integrated Reporting Framework

The IFRS Integrated Reporting Framework provides a set of guiding principles and connected content elements for preparing an integrated report. The integrated report explains how an organisation, in the context of the external environment and the capitals creates, preserves or erodes value over the short, medium and long term.

It provides insight into the resources and relationships used and affected by an organisations six capitals namely - financial, social and relationship, human, manufactured, intellectual, and natural.

3.9 CDSB Framework

The Climate Disclosure Standards Board (CDSB) Framework provides principles-based guidance for integrating climate and natural capital information into mainstream financial reporting. It aims to enhance the quality, consistency, and comparability of environmental disclosures, making them more useful for investors, lenders, and stakeholders. The framework focuses on connecting climate-related data with financial performance by emphasizing governance, strategy, risk management, and performance metrics. It aligns with other global standards like the TCFD recommendations and the GHG Protocol, ensuring compatibility with international reporting requirements.

The CDSB Framework encourages transparent disclosure of environmental policies, risks, opportunities, and their impact on financial performance. It supports decision-useful information, helping stakeholders understand how climate factors influence an organisation's value creation and long-term performance. By linking climate and financial disclosures, it promotes the inclusion of sustainability-related information in financial filings, enabling better decision-making for capital allocation and risk management.

3.10 ESRS Standards

The European Sustainability Reporting Standards (ESRS) were developed by the European Financial Reporting Advisory Group (EFRAG) to implement the Corporate Sustainability Reporting Directive (CSRD) across the European Union. ESRS sets comprehensive requirements for organisations to disclose material ESG information. It is structured into general standards, sector-specific standards, and topical standards, addressing core topics like governance, risk management, climate change, biodiversity, and human rights. ESRS aims to standardize sustainability reporting across industries, ensuring consistency, transparency, and comparability of ESG information.

ESRS aims to enhance corporate accountability, align with the European Union Green Deal, and support sustainable finance initiatives. ESRS is designed to align with international standards such as IFRS S1 and S2, GRI, SASB, and the TCFD, supporting harmonization in global sustainability reporting practices.

04

LOCAL LAWS, REGULATIONS AND GUIDELINES ALIGNING WITH SUSTAINABILITY

In Kenya, several local laws, regulations, and guidelines promote sustainability and responsible corporate governance. They include:

Law/Regulation Guideline	Key ESG Elements	Relevance to IFRS Sustainability Disclosure Standards
Constitution of Kenya	• Environmental rights (Art. 42) • Social justice and rights (Art. 43, 52-57)	Aligns with IFRS S1 and IFRS S2, supporting disclosures on environmental rights, social inclusion, and compliance with sustainability principles.
Environmental Management and Coordination Act	• Environmental protection • Environmental Impact Assessments	This relates to IFRS S2, as it requires disclosure of environmental performance, impacts, and management practices in line with sustainability standards.
Climate Change Act (CAP. 387A)	• Climate resilience • GHG emissions reporting	Supports IFRS S2 by providing a foundation for disclosures related to climate risks, adaptation strategies, and greenhouse gas emissions.
Sustainable Waste Management Act (CAP. 387C)	• Responsible waste management • Community involvement	Linked to IFRS S2, supporting disclosures on waste management, recycling efforts, and environmental performance metrics.

Water Act, 2016	• Water management • Resource conservation	Linked to IFRS S2, supporting disclosures on water resource management, conservation measures, and environmental impacts.
Employment Act, 2007 and Occupational Safety and Health Act, 2007	• Labor rights and workers safety • Fair working conditions	This relates to IFRS S1, as it supports disclosures on labor practices, employee safety, fair working conditions, and social performance indicators.
Persons with Disabilities Act, 2003	• Social inclusion • Equal access	Linked to IFRS S1, promoting disclosures on diversity, equity, inclusion, and accessibility measures.
Basic Education Act, 2013	• Right to education • Social equity	Aligns with IFRS S1, facilitating disclosures on education initiatives, social development programs, and community engagement.
Forest Conservation and Management Act, 2016	• Forest conservation • Sustainable resource use	Aligns with IFRS S2, facilitating disclosures on sustainable forestry, biodiversity protection, and natural resource management.
Wildlife Conservation and Management Act, 2013	• Wildlife protection • Ecosystem conservation	Supports IFRS S2, promoting disclosures on ecosystem conservation, biodiversity efforts, and environmental sustainability.
Work Injury Benefits Act (CAP. 236)	• Fair compensation • Worker welfare	Relates to IFRS S1, as it supports disclosures on employee welfare programs, compensation policies, and social performance.
Proceeds of Crime and Anti-Money Laundering Act (CAP. 59A)	• Ethical conduct • Governance	Aligns with IFRS S1, encouraging governance disclosures on anti-money laundering measures, ethical compliance, and transparency.
National Climate Change Action Plan	• Climate mitigation and adaptation • Sustainable development	Aligns with IFRS S2, promoting disclosures on climate change mitigation, emissions reduction targets, and adaptation measures.

Capital Markets Authority Regulations	• Corporate governance • Green and social bonds	Supports IFRS S1, facilitating disclosures on governance, compliance, and sustainable finance, including green bond issuance.
Nairobi Securities Exchange ESG Disclosure Guidance	• ESG transparency • Global best practices	Directly supports IFRS S1 and IFRS S2, encouraging comprehensive ESG disclosures, aligned with global standards and transparency requirements.
Central Bank of Kenya Guidance on Climate-Related Risk Management	• Climate risk management • Green finance	Supports IFRS S2, promoting disclosures on climate-related risks, sustainable finance flows, and integration of climate risks in financial operations.
Mwongozo Code of Corporate Governance	• Corporate governance • Transparency and accountability • ESG integration	Aligns with IFRS S1, encouraging disclosures on governance practices, ethical decision-making, and integration of sustainability into corporate strategies.
Draft Kenya Green Finance Taxonomy (under consultation)	• Green finance • Standardization	Relates to IFRS S1 and IFRS S2, facilitating disclosures on green finance, sustainable investments, and alignment with climate goals.

05 ADOPTION OF IFRS SUSTAINABILITY DISCLOSURE STANDARDS

5.1 Phases of Adoption

ICPAK requires the adoption of the IFRS Sustainability Disclosure Standards in a phased approach to ensure a smooth transition for organisations of all sizes. This approach will allow organisations to build capacity, gather necessary data, and align their internal processes with the new standards.

a) Phase 1: Voluntary Adoption

This phase covers the accounting period beginning on or after 1 January 2024 and through to the accounting period ending on or before 31 December 2026. During this period,* reporting organisations 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.

b) Phase 2: Mandatory Adoption

This mandatory phase is as follows:

i. All PIEs – Implementation is for all accounting periods beginning on or after 1 January 2027.

ii. All Non – PIEs

- Large Enterprises: Implementation is for all accounting periods beginning on or after 1 January 2028.
- SMEs: Implementation is for all accounting periods beginning on or after 1 January 2029.

The readiness assessment is compulsory for all organisations reporting in this phase and must be carried out before an organisation publishes its first sustainability report in accordance to the new standard.

c) Phase 3: Governments and Public entities

IPSASB is currently developing sustainability reporting standards for public sector organisations. When they become available, ICPAK will give guidance on their adoption.

The table below summarises the phases, timelines, organisations and key activities:

Phase	Timelines (Accounting period beginning on or after)	Entities Involved	Key Activities
Phase 1 - Voluntary Adoption	1 January 2024	All organisations	• Capacity building • Readiness Assessments • Early reporting
Phase 2 - Mandatory Adoption	1 January 2027	PIEs	• Full compliance with IFRS S1 and S2
	1 January 2028	Non-PIEs (Large Enterprises)	• Full compliance with IFRS S1 and S2
	1 January 2029	Non-PIEs (SMEs)	• Full compliance with IFRS S1 and S2
Phase 3 - Public sector Entities	To be determined by ICPAK	Public Sector Entities	• Review and alignment with IPSASB sustainability standards

5.2 Size and Complexity

The approach to sustainability disclosures should reflect an organisation's size and complexity. PIEs and large non-PIEs are expected to provide more comprehensive disclosures, whereas SMEs may adopt a simplified approach initially. The IFRS Sustainability Disclosure Standards offer flexibility, allowing organisations to scale their disclosures based on their specific context. Organisations should consider their capacity, resources, and industry-specific requirements when determining the scope and depth of their sustainability disclosures.

5.3 Readiness Assessment

A readiness assessment for organisations adopting IFRS Sustainability Disclosure Standards involves evaluating various aspects of an organisation's preparedness to comply with these standards. The assessment focuses on several key areas to ensure that organisations can effectively implement the disclosure requirements and includes:

a) Governance and Leadership Readiness

i. **Board and senior management involvement:** Evaluating whether the board and senior management understand their roles in overseeing sustainability reporting and have integrated these responsibilities into their governance structures.

ii. **Policies and frameworks:** Assessing whether an organisation has developed or updated policies and frameworks that support sustainability reporting, particularly those aligned with IFRS Sustainability Disclosure Standards.

iii. **Sustainability reporting oversight:** Determining if the organisation has established a committee or designated individuals responsible for overseeing sustainability - related disclosures.

b) Stakeholder Engagement and Communication

i) **Stakeholder mapping and engagement:** Assessing whether an organisation has identified its key stakeholders and developed a plan for engaging them.

ii) **Transparency in communication:** Evaluating the effectiveness of an organisation's communication channels for sharing sustainability-related information, including the readiness to publish disclosures in a format that is accessible to stakeholders.

iii) **Feedback mechanisms:** Assessing whether an organisation has mechanisms to gather feedback from stakeholders on sustainability disclosures and use it for continuous improvement

c) Capacity Building and Training

i) **Training programs:** Assessing whether an organisation has provided adequate training for the board, management and employees, particularly those involved in data collection, analysis, and reporting, to ensure they understand the requirements of IFRS Sustainability Disclosure Standards.

ii) **Awareness and understanding:** Evaluating the general awareness among board, management and employees about the importance of sustainability disclosures and their role in the organisation's reporting process.

d) Data Collection and Reporting Capabilities

i) **Data management systems:** Assessing an organisation's capacity to collect, process, and analyse data needed for sustainability disclosures. This includes systems for tracking sustainability-related metrics, GHG emissions, and other ESG data.

ii) **Quality of data:** Evaluating the accuracy, completeness, and reliability of sustainability data being collected. This will involve checking if there are systems and controls to ensure data integrity and to address data gaps.

iii) **Alignment with disclosure requirements:** Verifying that the data collected aligns with the specific requirements of IFRS Sustainability Disclosure Standards.

e) Risk Management Processes

i) **Identification and assessment of sustainability risks:** Determining whether an organisation has established processes for identifying, assessing, and managing climate-related and sustainability risks.

ii) **Integration with overall risk management:** Assessing how well sustainability risks are integrated into the organisation's overall risk management framework, including understanding the financial impacts of these risks.

iii) **Scenario analysis:** Evaluating whether the organisation is prepared to conduct climate scenario analysis.

f) Internal Control Systems

i) **Internal controls over sustainability reporting:** Assessing the effectiveness of internal controls that ensure the accuracy and reliability of sustainability disclosures.

ii) **Assurance readiness:** Determining if an organisation is prepared for independent assurance of its sustainability disclosures.

g) Compliance and Regulatory Alignment

i) **Awareness of local regulations:** Determining an organisation’s understanding of local regulatory requirements related to sustainability disclosures and how they align with the IFRS Sustainability Disclosure Standards.

ii) **Alignment with national roadmap:** Evaluating whether an organisation is following any national or industry-specific roadmaps for implementing to ensure comparability.

h) Preparation of Disclosure Reports

i) **Assessment of materiality:** Evaluating an organisation's process for determining what information is material to its stakeholders and included it in sustainability disclosures.

ii) **Drafting of initial reports:** Reviewing an organisation's draft sustainability reports to ensure that they meet the core content requirements of the IFRS Sustainability Disclosure Standards.

i) Reporting Framework and Practices

i) **Alignment to IFRS Sustainability Disclosure Standards Principles:** Reviewing whether an organisation's reporting framework aligns with the principles and guidelines of IFRS Sustainability Disclosure Standards.

ii) **Baseline reporting practices/ gap analysis:** Assessing an organisation's current sustainability reporting practices to identify gaps and areas that need improvement before full compliance with the standards.

iii) **Use of existing guidance:** Evaluating how an organisation has incorporated other reporting guidance, and how these complement IFRS Sustainability Disclosure Standards.

j) Assurance Readiness

i) **Preparation for assurance:** Assessing whether an organisation has considered assurance requirements for its sustainability disclosures and has begun preparing for potential assurance.

ii) **Collaboration with assurance providers:** Evaluating the readiness of an organisation to work with assurance providers for verification of accuracy and reliability of their sustainability reports.

k) Implementation Timeline & Resources

i) **Phased adoption plan:** Assessing if an organisation has developed a clear timeline for adoption of IFRS Sustainability Disclosure Standards, including key milestones and deadlines.

ii) **Resource allocation:** Evaluating the adequacy of resources (financial, technological, and human) allocated to support the implementation.

l) Continuous Improvement Mechanisms

i) **Feedback loop for improvements:** Assessing whether an organisation has a mechanism to regularly review and improve its sustainability reporting process.

ii) **Monitoring and reporting adjustments:** Evaluating how an organisation monitors changes in standards and updates its reporting practices to remain in compliance.

06

KEY CONSIDERATIONS FOR EFFECTIVE ADOPTION

6.1 Baseline establishment

Establishing a baseline is an essential initial step for organisations adopting IFRS Sustainability Disclosure Standards, providing a clear understanding of the current state of sustainability-related financial disclosures. This process involves assessing existing reporting practices, governance structures, strategy and risk management processes, metrics and 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 SrROs with IFRS Sustainability Disclosure Standards requirements. This proactive approach ensures that the SrROs are accurately integrated into financial disclosures, improving transparency and accountability. The outcome is a well-prepared pathway, built on a foundation of accurate data, internal capacity, and stakeholder engagement.

6.2 Materiality

Materiality in sustainability reporting refers to the principle of identifying significant information that could reasonably be expected to impact on stakeholder decision-making. The concept of materiality provides a framework through which organisations differentiate information that should be disclosed from that which need not be disclosed.

The ISSB defines materiality in the context of sustainability-related financial disclosures as - information that if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports.

The following are the key factors:

a) Materiality Assessment

Materiality assessment is the process of identifying and prioritizing sustainability-related risks and opportunities that are likely to have a significant impact on an organisation's prospects. This assessment helps organisations focus their reporting efforts on information that is relevant to investors and other stakeholders. A materiality assessment criterion may vary based on the size, sector, or regulatory requirements of the organisations involved.

To identify material information relating to sustainability-related risks and opportunities (SrRO), an organisation 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 organisation shall apply the requirements on sources of guidance as provided in Section 8 of this Roadmap.

When determining material topics, an organisation requires to determine its materiality threshold, which is the level at which information about sustainability issues becomes significant enough to impact stakeholders' decision-making.

b) 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.

6.3 Governance

Organisations should have in place governance structures for oversight and management of SrROs. These structures support disclosures on governance that enable users to understand the processes, controls and procedures to monitor, manage and oversee SrROs.

Specifically, the organisations should clearly outline the following:

a) Board oversight

The board should establish processes to oversee sustainability issues. This will enable the organisation 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 shall:

i. Ensure that the responsibilities for SrROs 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. 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:

- 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 organisation'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.

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. 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.

6.4 Strategy

An organisation shall develop a strategy for managing SrROs. and shall disclose the actual and potential impacts of SrROs on the organisation'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). An organisation should consider the following:

i. The SrROs that could reasonably be expected to affect its prospects.
ii.
iii. The current and anticipated effects of SrROs on its business model and value chain (upstream and downstream).
iv. The effects of SrROs on its strategy and decision-making.
v. The effects of SrROs on the organisation's financial position, financial performance and cash flows for the reporting period, over the short, medium and long term.
vi. The resilience of its strategy and its business model to those sustainability-related risks.

6.5 Risk management

An organisation needs to develop risk management processes to identify, assess, prioritise and monitor SrROs which need to be integrated into and inform the organisation's overall risk management process (risk management framework). Risk management disclosures are important for assessing the organisation's overall risk profile and management process.

a) Sustainability-related risks

Sustainability-related risks incorporate the economic, environmental and social risks (along entire value chain) that could impact on the organisation. When considering sustainability review:

i. The processes used to identify, assess, prioritize and monitor SrROs.
ii. The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring sustainability-related risks and opportunities are integrated into and inform the overall risk management process.

b) 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.

c) Scenario Analysis

Scenario analysis in climate risk management involves assessing how different potential future climate scenarios could impact on an organisation, enabling proactive risk management and strategic decision-making.

Note: See the Task Force on Climate-Related Financial Disclosures hub for guidance on conducting scenario analysis.

6.6 Metrics and Targets

Sustainability metrics and targets enable users understand an organisation's performance in relation to SrROs, including progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.

The disclosure of comparable, consistent, verifiable and reliable sustainability metrics is essential for evaluating organisation's performance on SrROs. Some of the key considerations include:

a) Target setting and performance measurement

This involves establishing specific, measurable objectives and goals that an organisation aims to achieve within a defined timeframe. These targets are typically derived from the organisation's sustainability strategy.

Organisations should set targets, as well as key performance indicators, to track progress over the short, medium and long-term. This will answer the question on what an organisation is working towards, and how they regularly measure and report on performance against these metrics and targets.

b) Data quality

Data quality refers to the accuracy, reliability, completeness, and consistency of the data used to measure and report on various sustainability metrics and indicators. Data quality is essential for credible sustainability reporting. As it ensures that the information disclosed is trustworthy and can be relied upon by stakeholders

07

EFFECTIVE DATE AND RELIEFS

7.1 Effective date

The first two IFRS Sustainability Disclosure Standards became effective for annual periods beginning on or after 1 January 2024. The Kenyan jurisdiction endorsed the standards on 6 September 2023, and the effective adoption dates for various organisations are provided in Section 5 of this Roadmap.

7.2 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 organisations in building the necessary infrastructure, processes, and expertise for full compliance with IFRS Sustainability Disclosure Standards.

ISSB has provided a set of transition reliefs applicable to all organisations as follows:

Relief Description	Details
Climate-First Relief	Organisations are required to disclose only climate-related risks and opportunities in the first annual reporting period. Disclosure of other sustainability-related risks and opportunities becomes mandatory in the subsequent year.
Scope 3 Emissions	In the first reporting year of applying IFRS S2, organisations are not required to disclose Scope 3 greenhouse gas emissions.
Alternative GHG Measurement Methods	If an organisation 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.
Timing of Sustainability Disclosures	For the first annual reporting period, organisations can publish their sustainability-related financial disclosures up to nine months after the end of the reporting period.
Comparative Information	Organisations do not need to provide comparative data for the period before the initial application.

7.3 Other reliefs

a) Law or Regulation

An organisation need not disclose information otherwise required by an IFRS Sustainability Disclosure Standard if law or regulation prohibits its disclosure.

b) Commercially Sensitive Information

An organisation can limit the level of detail disclosed to protect commercial interests, provided that it still offers sufficient information for users to understand its sustainability-related risks and opportunities.

When information is omitted due to commercial sensitivity, an organisation should clearly explain the rationale behind the omission and upon re-assessment at each reporting date whether the information qualifies for the relief.

c) Proportionality Considerations

i) Undue cost and effort

This consideration allows organisations to be exempt from certain disclosures when the cost or effort required to obtain and report the information significantly outweighs the benefits of disclosing it. Organisations must, however, disclose when they are invoking this exemption and provide an explanation of why the cost or effort is considered undue.

ii) Commensurate approach

The commensurate approach emphasizes that the extent of sustainability-related disclosures should be proportional to the organisation's size, complexity, skills, capabilities and resources. Organisations should tailor their reporting to align with their capacity and scale, while still providing meaningful insights into SrROs.

iii) Inability-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.

08 GENERAL REQUIREMENTS FOR DISCLOSING SUSTAINABILITY INFORMATION

8.1 Sources of Guidance

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

i. Refer to and consider the applicability of the disclosure topics in the SASB Standards. If an organisation concludes that the disclosure topics in the SASB Standards are not applicable in the organisation's circumstances, it may

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 organisations that operate in the same industry(s) or geographical region(s).

8.2 Location of Disclosures

An organisation is required to provide disclosures required by IFRS Sustainability Disclosure Standards as part of its general-purpose financial reports. The standards specify potential locations for these 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:
Organisations 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.

8.3 Timing of Reporting

Organisations are required to report sustainability-related financial disclosures at the same time as their related financial statements. Sustainability-related financial disclosures shall cover the same reporting period as the related financial statements. 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.

8.4 Comparative Information

Organisations must provide comparative information by presenting data from the preceding reporting period. Comparatives should be prepared using the same methods and definitions as in the current reporting period, supporting transparency and consistency. If changes in estimates or methods impact comparatives, organisations should explain these adjustments.

8.5 Statement of Compliance

Organisations are expected to make an explicit and unreserved statement confirming that their disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards. The standards prohibit claiming compliance unless all requirements are met, except when omissions are due to legal or regulatory prohibitions or when information is commercially sensitive.

8.6 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.

09 ASSURANCE OF SUSTAINABILITY-RELATED INFORMATION

The disclosure of sustainability-related information is maturing, with a growing variability in the form and level of information disclosed in sustainability reports. However, the most important aspect of the information disclosed in sustainability reports is the credibility and accuracy of the information.

Therefore, to make the sustainability reporting space more credible and to build trust, the information being disclosed shall be required to undergo an assurance process. This should be provided by an independent assurance provider.

9.1 Assurance Standards

The current assurance standards being utilized by sustainability assurance providers are the International Standards on Engagement (ISAE) 3000 on Assurance Engagements other than Audits and ISAE 3410 on Assurance Engagements on Greenhouse Gas Statements. These standards – ISAE 3000 and ISAE 3410 - have been available since 2015 and 2013 respectively. Assurance providers currently use the standards to measure or evaluate subject matter against the criteria and are applied to reasonable and limited engagements.

With the aim of enhancing credibility of sustainability and climate information being disclosed, the International Auditing and Assurance Standards Board (IAASB), are set to release before the end of 2024, a more robust sustainability standard – International Standard on Sustainability Assurance 5000 on General Requirements for Sustainability Assurance Engagements. Once released, the sustainability assurance processes will be based on ISSA 5000 to address both limited and reasonable assurance.

The new International Standard on Sustainability Assurance 5000 assurance standards can 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.

9.2 Accreditation and Licensing of Assurance Providers

Sustainability disclosures should be assured by a qualified assurance provider, holding either a Category A (Audit and Assurance Licence) or Category C (Composite) Licence and must possess relevant sustainability accreditation as required by ICPAK.

The assurance provider shall be independent of the organisation being audited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics.

9.3 Assurance Roadmap

The IFRS Sustainability Disclosure Standards will become mandatory from accounting period beginning 1 January 2027. The external assurance of sustainability-related disclosures is in its nascent stages, as such, the Roadmap has also mandated a phased approach to the assurance process as detailed below:

Phase	**Timelines** (*Accounting period beginning on or after*)	**Entities Involved**	**Limited Assurance**	**Reasonable Assurance** *with limited Scope 3 emissions*	**Reasonable Assurance**
Phase 1 - Voluntary Adoption	1 January 2024	All organisations	1 January 2025	1 January 2026	1 January 2027
Phase 2 - Mandatory Adoption	1 January 2027	PIEs	1 January 2028	1 January 2029	1 January 2030
	1 January 2028	Non-PIEs (Large Enterprises)	1 January 2029	1 January 2030	1 January 2031
	1 January 2029	Non-PIEs (SMEs)	1 January 2030	1 January 2031	1 January 2032
Phase 3 - Public Sector Entities	To be determined by ICPAK	Public Sector Entities	Review and alignment with IPSASB sustainability standards	TBD	TBD

10 ADVOCACY AND COMMUNICATION

Effective advocacy and communication are essential for the successful adoption of IFRS Sustainability Disclosure Standards. It is crucial to raise awareness and help stakeholders understand the implications of sustainability reporting, fostering broader acceptance and compliance.

To facilitate advocacy and engagement, key stakeholders such as professional bodies, industry associations, policymakers, academia, and regulators will be identified. These stakeholders will play a crucial role in ensuring accurate communication and interpretation of the IFRS Sustainability Disclosure Standards, clarifying their expectations and benefits. To entrench the IFRS Sustainability Disclosure Standards, it is imperative to incorporate them into the curricula of Kenya Accountants and Secretaries National Examinations Board, institutions of higher learning, and other relevant examination bodies.

ICPAK will play a pivotal role in advocating for the adoption of IFRS Sustainability Disclosure Standards through targeted 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.

In addition to training, ICPAK 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 regulators, industry leaders, and other stakeholders, ICPAK will foster policy alignment and support a unified approach to sustainability reporting.

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ENFORCEMENT, MONITORING AND SUPPORT

ICPAK is legally mandated to ensure compliance with reporting standards set by the Independent Standard Setting Boards of International Federation of Accountants and IFRS Foundation, which encompasses both accounting and sustainability disclosure standards. As such, ICPAK plays a crucial role in overseeing adherence to the IFRS Sustainability Disclosure Standards. Additionally, other regulators like Capital Markets Authority, Central Bank of Kenya, Sacco Societies Regulatory Authority, Retirement Benefits Authority, and Insurance Regulatory Authority play an important role in their enforcement of the application. The Nairobi Securities Exchange will also play a significant role in ensuring their entrenchment by listed companies.

Initially, regulators will prioritize training stakeholders on IFRS Sustainability Disclosure Standards and providing support to facilitate their smooth implementation. As adoption progresses, mandatory reporting will necessitate enforcement actions. However, current efforts are primarily focused on raising awareness, building capacity, and supporting market participants as they adopt the IFRS Sustainability Disclosure Standards.

Technological tools, including artificial intelligence, will be instrumental in enhancing monitoring capabilities for regulators and organisations alike. These tools are expected to streamline data collection, analysis, and reporting processes, thereby reducing associated costs.

ICPAK will continually monitor the adoption of the IFRS Sustainability Disclosure Standards and collaboratively engage the stakeholders to receive feedback on success stories, challenges, lessons learnt. This feedback will be important to the preparers and users in enhancing the quality of sustainability disclosures.

Recognizing the unique challenges faced by organisations, ICPAK will provide tailored resources and dedicated support in building capacity and aligning internal processes with the IFRS Sustainability Disclosure Standards requirements.

Further, ICPAK is cognizant of the fact that potential challenges around identification, evaluation, prioritisation and disclosure of risks and opportunities arising from the value chain will be particularly acute for SMEs in adopting the standards. ICPAK will conduct an assessment on the impact of IFRS Sustainability Disclosure Standards on SMEs and will consider mechanisms to support SMEs comply with these requirements.

"ICPAK will continually monitor the adoption of the IFRS Sustainability Disclosure Standards and collaboratively engage the stakeholders to receive feedback on success stories, challenges, lessons learnt.

Appendices

Members of the Multi Stakeholder Sustainability and Climate Change Reporting Committee

No.	INSTITUTION CATEGORY	NAME OF NOMINEE	TITLE OF NOMINEE
1.	Committee Chairperson	CPA Jona Wala	Accountant General, National Treasury
2.	National Treasury	CPA Prof. Solomon Ngahu	Head of Financial Reporting Unit
3.	ICPAK	CPA Dr Grace Kamau	ICPAK CEO
4.	The National Treasury	Mr Hillary Korir	Climate Finance & Green Economy Unit
5.	Central Bank of Kenya (CBK)	CPA Caroline Mackola	Director Finance- CBK
6.	Capital Markets Authority	FCPA Wycliffe Shamiah	CEO, CMA
7.	Nairobi Securities Exchange	CPA Titus Kiilu	Chief Officer Regulatory Affairs, NSE
8.	FSD Kenya	Ms Tamara Cook	CEO, FSD Kenya
9.	Kenya Bankers Association (KBA)	Mr Raimond Molenje	Ag. CEO, KBA
10.	Audit Firm Partner	Mr Akinyemi Awodumila	Deloitte Partner
11.	Audit Firm Partner	Mr Edward Kerich	PwC Partner
12.	Audit Firm Partner	CPA Gurmit Santokh	PKF Partner
13.	Audit Firm Partner	CPA Maurice Gachuhi	KPMG Partner
14.	Audit Firm Partner	CPA Manasses Biwott	EY Partner
15.	Insurance Regulatory Authority (IRA)	Mr Godfrey Kiptum	CEO, IRA
16.	SASRA	CPA Peter Njuguna, EBS	CEO, SASRA
17.	Kenya Association of Manufacturers	Mr Antony Mwangi	CEO, KAM
18.	Manufacturing entities representative -EABL	CPA Risper Genga Ohaga	CFO, EABL
19.	Insurance Representative	CPA Zipporah Chege	CFO, ICEA Lion
20.	Listed Entity Representative - Safaricom	Ms. Karen Basiye	Head of Sustainable Business and Social Impact
21.	Sustainability Consultant	CPA Patrick Nganga	Principal Consultant, Lybra Consulting
22.	Sustainability Consultant	CPA Mercy Maina	Assistant Manager, PKF
23.	Committee Secretariat	CPA Catherine Asemeit	Secretary- Director Standards & Technical Services
24.	Committee Secretariat	CPA Elvis Moenga	Assistant Manager- Standards & Technical Services

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