



A MARKET READINESS STUDY

2026 EDITION

KENYA IFRS S1 & S2 READINESS REPORT **2026**

Assessing the Preparedness of Public Interest Entities (PIEs) for Sustainability-Related Financial Disclosures

385

VALID SCORING
POPULATION

7

REGULATED
SECTORS

49

DISCLOSURE
REQUIREMENTS

1.51/4

NATIONAL READINESS
SCORE



Contents

Key Findings at a Glance	1
ICPAK Sustainability Reporting Readiness Assessment	2
Executive Summary	6
About This Assessment	8
Overall Findings	11
The Readiness Paradox	18
Sector Deep-Dives	23
Other Listed Companies	23
State Corporations (IFRS reporters)	25
Commercial Banks	27
Fund Managers of Collective Investment Schemes and Alternative Investment Funds	29
Insurance Companies	31
Pension Schemes	33
Deposit-Taking SACCOs	35
Cross-Sector Comparison	37
Recommendations and Roadmap	38
Appendix: Note on Non-Completing Entities	39

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Key Findings at a Glance

Six numbers that define where Kenya's Public Interest Entities stand on the road to IFRS S1/S2 compliance.

1.51/4

NATIONAL READINESS SCORE

Kenyan PIEs sit in the early-to-middle stage of IFRS S1/S2 readiness an "Emerging" market overall.

86.7%

ASSESSMENT COMPLETION

Of the 512 entities in the assessment register, 444 completed the assessment. Of these, 385 provided substantive responses that were included in the scoring analysis.

1.60 vs 1.22

GOVERNANCE LEADS, METRICS LAGS

Boards are naming sustainability oversight owners faster than entities can measure outcomes.

+0.14 pts

THE READINESS PARADOX

Strategic intent consistently outpaces disclosure capability. Entities are more prepared to talk about sustainability than to report it. See Section 4.

68

ENTITIES NOT YET COMPLETE

Sixty-eight entities did not complete the assessment. A further 59 completed entities submitted all-zero responses. Together, these 127 entities form a priority follow-up cohort, subject to final data validation.

1.9x

WIDEST SECTOR GAP

Other Listed Companies score 1.9x the readiness of DT SACCOS, the lowest-scoring sector.

ICPAK SUSTAINABILITY REPORTING READINESS ASSESSMENT

About ICPAK

The Institute of Certified Public Accountants of Kenya (ICPAK) is the statutory body established in 1978 and reconstituted under the Accountants Act No. 15 of 2008. ICPAK is responsible for setting standards and regulating the accountancy profession in Kenya. Its mandate is to develop, regulate and promote an internationally recognised accountancy profession that upholds the public interest through capacity building, advocacy, innovation and sustainable practices.

ICPAK is a member of the Pan African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), positioning the Institute within a continental and global network of professional bodies working towards consistent, comparable and high-quality financial and non-financial reporting.

Beyond its regulatory and standard-setting functions, ICPAK has taken a leading role in preparing Kenya's capital markets and Public Interest Entities (PIEs) for the transition to sustainability-related financial disclosures. The commissioning of this readiness assessment forms part of that broader mandate and is intended to provide an evidence-based view of the preparedness of entities for the

implementation of IFRS S1 and IFRS S2 in Kenya.

The National Roadmap for IFRS Sustainability Disclosure Standards

On 6 September 2023, ICPAK announced Kenya's intention to adopt the IFRS Sustainability Disclosure Standards—IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, Climate-related Disclosures. The announcement marked an important step in establishing a globally aligned sustainability reporting framework for Kenya and was made in the presence of key national, continental and international stakeholders, including regulators, preparers, PAFA, the African Union, the International Sustainability Standards Board (ISSB) and the IFRS Foundation.

In November 2024, ICPAK published the Roadmap for the Adoption of IFRS Sustainability Disclosure Standards in Kenya. The Roadmap establishes a phased approach intended to allow organisations to build institutional capacity, develop data systems, strengthen governance and internal controls, and progressively improve the quality and reliability of sustainability-related information before full mandatory implementation.

Phased adoption timeline

Phase	Effective date	Entities covered	Key expectation
Phase 1 – Voluntary Adoption	1 January 2024	All organisations	Voluntary application of IFRS S1 and IFRS S2; capacity building, readiness assessments and early reporting.
Phase 2 – Mandatory Adoption	1 January 2027	Public Interest Entities (PIEs)	Mandatory IFRS S1 and IFRS S2 reporting for accounting periods beginning on or after 1 January 2027.
Phase 2 – Mandatory Adoption	1 January 2028	Large Non-PIEs	Mandatory IFRS S1 and IFRS S2 reporting for qualifying large non-public-interest entities.
Phase 2 – Mandatory Adoption	1 January 2029	SMEs	Mandatory IFRS S1 and IFRS S2 reporting for SMEs within the applicable scope.
Phase 3 – Government Organisations	1 July 2028	Government organisations reporting under IPSAS	Application of the public-sector sustainability reporting framework, including IPSASB SRS requirements, subject to the applicable implementation arrangements.

Public Interest Entities are covered by the first mandatory phase. For purposes of the National Roadmap, the first mandatory phase encompasses the key public-interest sectors, including companies listed on the Nairobi Securities Exchange, commercial banks regulated by the Central Bank of Kenya (CBK), insurance companies regulated by the Insurance Regulatory Authority (IRA), retirement benefit schemes and pension funds regulated by the Retirement Benefits Authority (RBA), Fund Managers of Collective Investment Schemes and Alternative Investment Funds regulated by the Capital Markets Authority (CMA), deposit-taking SACCOs regulated by SASRA, and large State corporations and government-controlled entities reporting

under IFRS Accounting Standards.

Readiness assessment as a transition mechanism

The Roadmap envisages readiness assessment as an important mechanism for supporting the transition to mandatory sustainability reporting. The assessment process is intended to enable organisations to identify gaps in governance, strategy, risk management, metrics and targets, and to establish the actions required to achieve reporting readiness before the first mandatory reporting cycle.

Accordingly, this assessment should be understood not simply as a compliance survey, but as a structured diagnostic of institutional preparedness. It provides a baseline against

which organisations can prioritise remediation, allocate resources and strengthen the systems and processes required for credible sustainability-related financial disclosures.

Assurance of Sustainability-related Information

Assurance is a critical component of the national transition because the credibility of sustainability-related financial information depends not only on the quality of disclosures, but also on the reliability of the underlying data, processes, controls and evidence. The National Roadmap therefore provides for a phased assurance regime that allows organisations and assurance

practitioners to progressively build the capabilities required for high-quality sustainability assurance.

The assurance pathway begins with limited assurance and progressively moves towards reasonable assurance. Importantly, the roadmap recognises the additional complexity associated with Scope 3 greenhouse gas emissions and provides for a transitional period before reasonable assurance extends fully to Scope 3 information. This approach is intended to give organisations time to improve data quality, value-chain information, methodologies, controls and documentation.

National assurance timeline

Reporting population	Mandatory reporting	Limited assurance	Reasonable assurance excluding Scope 3	Reasonable assurance
All organisations – voluntary phase	1 January 2024	1 January 2025	1 January 2026	1 January 2027
Public Interest Entities (PIEs)	1 January 2027	1 January 2028	1 January 2029	1 January 2030
Large Non-PIEs	1 January 2028	1 January 2029	1 January 2030	1 January 2031
SMEs	1 January 2029	1 January 2030	1 January 2031	1 January 2032
Government organisations	1 July 2028	1 July 2030	1 July 2031	1 July 2032

Assurance provider requirements

- Sustainability disclosures are expected to be subject to independent assurance under the phased national assurance framework.
- Assurance engagements should be performed by practitioners licensed by ICPAK and holding the relevant assurance licence and sustainability competence/accreditation requirements applicable in Kenya.
- The assurance provider is expected to be independent of the reporting entity in accordance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics.
- The transition to assurance requires organisations to establish reliable data collection processes, internal controls, documentation, evidence trails and governance over sustainability information.

- Entities are encouraged to engage assurance providers early so that assurance readiness can be considered alongside the design of reporting processes rather than after the disclosures have been prepared.

Implications for the readiness assessment

The phased assurance requirements have a direct bearing on the interpretation of readiness. An entity may have policies and governance structures in place while still being insufficiently prepared for assurance if the underlying sustainability data cannot be traced to source records, consistently reproduced, subjected to effective controls or supported by appropriate evidence. The readiness assessment therefore considers not only whether an organisation has adopted relevant policies, but also whether the systems, processes, people, controls and data required to support credible reporting and future assurance are sufficiently developed.

Particular attention is required for greenhouse gas emissions data, including Scope 1, Scope 2 and Scope 3. As the assurance regime progressively expands, organisations will need to strengthen emission inventories, activity data, emission factors, assumptions, estimation methodologies, supplier data and supporting documentation. The assessment therefore provides an important baseline for identifying assurance-readiness gaps before they become reporting or verification issues.

Significance of the Roadmap for this Assessment

The national roadmap provides the policy and implementation context within which the present readiness assessment should be interpreted. The assessment covers the seven key sectors entering the first mandatory phase and therefore focuses on the preparedness of entities that will be required to report in accordance with IFRS S1 and IFRS S2 for accounting periods beginning on or after 1 January 2027.

The assessment results should consequently be viewed against two related milestones: first, the transition from voluntary to mandatory sustainability reporting; and second, the transition from sustainability reporting to independently assured sustainability information. An entity that is 'reporting ready' must increasingly be able to demonstrate not only that it can produce the required disclosures, but also that those disclosures are supported by robust governance, systems, data, controls and evidence capable of withstanding independent scrutiny.

In this context, the readiness assessment serves three purposes: (i) establishing a national baseline of preparedness; (ii) identifying priority gaps requiring remediation before mandatory reporting; and (iii) supporting the progressive strengthening of the Kenyan sustainability reporting ecosystem towards credible, comparable and assurance-ready disclosures.

Executive Summary

This report, a broad-based national assessment covering seven regulated sectors in Kenya, assesses 385 substantively-scored entities against the full governance, strategy, risk-management, and metrics and targets architecture of the two standards, ahead of mandatory sustainability-related financial disclosure.

Following the publication of its national Roadmap for the Adoption of the IFRS Sustainability Disclosure Stan-

dards, the Institute of Certified Public Accountants of Kenya (ICPAK) required all Public Interest Entities (PIEs) to conduct a Sustainability Reporting Readiness Assessment ahead of the mandatory adoption of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) from 1 January 2027. This report presents the findings of that national readiness assessment, establishing a baseline of how prepared Kenyan PIEs are to meet the two standards' requirements.

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THE BOTTOM LINE
Kenyan PIEs score 1.51/4 on average, an "Emerging" market. Boards are organising for sustainability faster than entities can measure and report it, and the gap is widest in the sectors with the least regulatory pressure.

Entities across seven regulated sectors: Commercial Banks, DT SACCOs, Fund Managers of Collective Investment Schemes and Alternative Investment Funds, Pension Schemes, State Corporations reporting under IFRS, Insurance Companies, and other listed companies were required to complete a structured self-assessment comprising a pre-assessment screen, a 49-item disclosure checklist mapped to the four IFRS S1/S2 pillars, and a quality-of-disclosure review. Of the 512 PIEs in the register, 444 (86.7%) completed the assessment, and 385

of those gave substantive responses used for scoring, the findings of this report are drawn from those 385 submissions, with non-completion and non-substantive responses excluded.

The headline finding is that Kenyan PIEs, in aggregate, sit in the early-to-middle stages of readiness. The national average score across all four pillars is 1.51 on a 0–4 scale placing the market as a whole in the "Emerging" band. 289 of 385 substantively-scored entities (75%) fall in the Nascent or Emerging bands, while only 23 entities (6.0%) demonstrate Advanced readiness.

Governance is the strongest pillar overall (1.6/4). Boards are increasingly identifying an oversight owner for sustainability matters. Metrics and Targets pillar is the weakest (1.22/4), driven by near-absent disclosure of internal carbon pricing, climate-linked remuneration, and carbon credit policies.

Readiness varies sharply by sector: Other Listed Companies, State Corporations, and Commercial Banks lead the market, while Pension Schemes and DT SACCOs lag substantially behind, reflecting differences in regulatory exposure, board sophistication, and access to technical capacity.

A closer look beneath the headline score reveals a more nuanced story, which this report describes as the "Readiness Paradox": strategic intent consistently outpaces disclosure capability, meaning organisational buy-in and planning are advancing faster than the ability to produce the required line items, while the limited disclosures already produced are generally of reasonable quality. In other words, the binding constraint is not ambition or execution quality, but the breadth and depth of technical disclosure. Section 4 explores this in full.

This report presents the national picture first, then the Readiness Paradox analysis, then a detailed profile of each of the seven sectors, before closing with cross-cutting recommendations for ICPAK, regulators, and sector associations to accelerate IFRS S1/S2 readiness ahead of the mandatory reporting date for Public Interest Entities, which ICPAK's national adoption roadmap sets for accounting periods beginning on or after 1 January 2027 (ICPAK, Advisory on Timelines and Readiness Requirements for the IFRS Sustainability Disclosure Standards, 2026).

About this Assessment

Following the publication of its national Roadmap for the Adoption of the IFRS Sustainability Disclosure Standards, ICPAK required Public Interest Entities (PIEs) across Kenya's regulated sectors to undertake a Sustainability Reporting Readiness Assessment ahead of the mandatory adoption of IFRS S1 and IFRS S2. Mandatory adoption applies to PIEs for accounting periods beginning on or after 1 January 2027, making this the final major checkpoint before entities are required to report.

This assessment was designed to move beyond self-reported intent and produce an evidence-based, defensible baseline of how prepared Kenyan PIEs actually are – not simply how ready they believe themselves to be. Following ICPAK's November 2024 pulse check, which relied on a short self-reported questionnaire, this assessment applies a structured, standard-referenced instrument that scores each participating entity

against the specific governance, strategy, risk-management, and metrics-and-targets requirements of IFRS S1 and IFRS S2.

The assessment covers PIEs across seven regulated sectors: Commercial Banks, DT SACCOs, Fund Managers of Collective Investment Schemes and Alternative Investment Funds, Pension Schemes, State Corporations reporting under IFRS, Insurance Companies, and other listed companies. The remainder of this section sets out how the assessment was structured, how the underlying data was reconciled, and how representative the results are of each sector's full regulated population.

2.1 Assessment Structure

The readiness tool captured three layers of evidence from each participating entity:

- **Pre-Assessment:** Screened each

entity's organisational readiness before the detailed disclosure checklist was applied. The pre-assessment comprised nine sections covering strategic intent and regulatory awareness, governance readiness, data and systems readiness, metrics and quantification capability, financial integration, risk management and scenario analysis, sector-specific readiness, transition planning, and assurance readiness. It was designed to establish whether the entity had the basic organisational conditions needed to support IFRS S1/S2 disclosure preparation.

- **Disclosure Checklist:** Assessed each entity's ability to produce the specific disclosures required under IFRS S1 and IFRS S2. The checklist comprised 49 standard-referenced items mapped to the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets. Each item was scored on the 0–4 scale to indicate the level of readiness achieved. Items were also assigned a remediation priority of High, Medium, or Low to guide gap-closure planning, and tagged by quantification level as None, Qualitative, or Quantitative to show the extent to which the disclosure required measurable data.
- **Quality Assessment:** Evaluated the quality of disclosures already being produced, rather than only whether a disclosure existed. The

assessment comprised five review areas covering decision-usefulness and faithful representation, connectivity of information, completeness and use of guidance, data and systems readiness, and assurance readiness. Each area was assessed on the same 0–4 scale to indicate the maturity of disclosure quality achieved. The results helped identify where entities needed to strengthen the reliability, completeness, connectivity, and assurance-readiness of their disclosures, and where existing reporting practices could be built on for faster gap closure.

All scores in this report are reported on the underlying 0–4 scale used by the assessment tool, unless stated as a percentage. For narrative purposes, overall scores are grouped into four readiness bands:

Nascent (0–<1), Emerging (1–<2), Developing (2–<3), and Advanced (3–4)

Coverage Against Kenya's Complete Regulatory Population

The 512-entity register represents every PIE that engaged with this assessment, but it is not the same as the full population of regulated entities in each sector. To help readers judge how representative each sector profile in Section 5 is likely to be, the table below compares this assessment's register to the most recent published population figures from

Sector	Total population	Source	This register	Coverage
Commercial Banks	38	CBK, 2026	29	76%
Insurance Companies	57	IRA, mid-2025	52	91%
Listed Companies (excl. banks and insurers)	47	NSE, 2026 (~64 total listings less 11 listed banks and 6 listed insurers)	25	47%
Fund Managers of Collective Investment and Schemes Alternative Investment Funds	47	CMA, Sep 2025	19	40%
Pension Schemes	1,000	RBA, 2025 (consolidating; range ~946–1,032)	343	34%
DT SACCOs	176	SASRA, 2026	33	19%
State Corporations reporting under IFRS	Not separately published	—	11	N/A

Coverage varies enormously by sector, and readers should weight the sector findings in this report accordingly. Insurance and Commercial Banks are covered comprehensively enough that their profiles in Section 5 can be read with reasonable confidence as broadly representative of their sectors. DT SACCOs sit at the opposite extreme: at under one-fifth of the licensed population, the DT SACCO findings in this report should be read as indicative of the entities that engaged, not as a representative statement about Kenya's 176 licensed deposit-taking SACCOs as a whole. Pension Schemes and Fund Managers fall in between, with roughly a third to two-fifths coverage.

For Listed Companies, the comparison is presented net of entities already captured within the Commercial Banks and Insurance sectors. This adjustment is necessary because a number of NSE-listed entities are commercial

banks or insurance companies that are separately assessed under their respective regulatory sectors. Comparing the register's "Other Listed Companies" count against the full NSE listing count would therefore create an overlap and result in an inaccurate assessment of coverage. The analysis consequently excludes listed commercial banks and listed insurance companies from the standalone Listed Companies population to ensure that entities are counted only once.

State Corporations reporting under IFRS cannot be benchmarked this way. Kenya has an estimated 245–280+ state corporations in total, but no regulator publishes a separate list of the specific subset required to report under IFRS (as opposed to IPSAS or other public-sector frameworks), that narrower population is defined by ICPAK's own assessment scope rather than by any external registry, so a coverage percentage cannot be meaningfully calculated for this sector.

Overall Findings

Participation and Completion

Response rates varied meaningfully by sector. Fund Managers (94.7%), Insurance (94.2%), and Commercial Banks (93.1%) achieved the highest completion rates, while State Corporations (54.5%) and DT SACCOS (57.6%) lagged furthest behind. Pension Schemes contributed the largest single bloc of completed assessments (303 entities) reflecting the sheer number of registered schemes in Kenya relative to the other sectors.

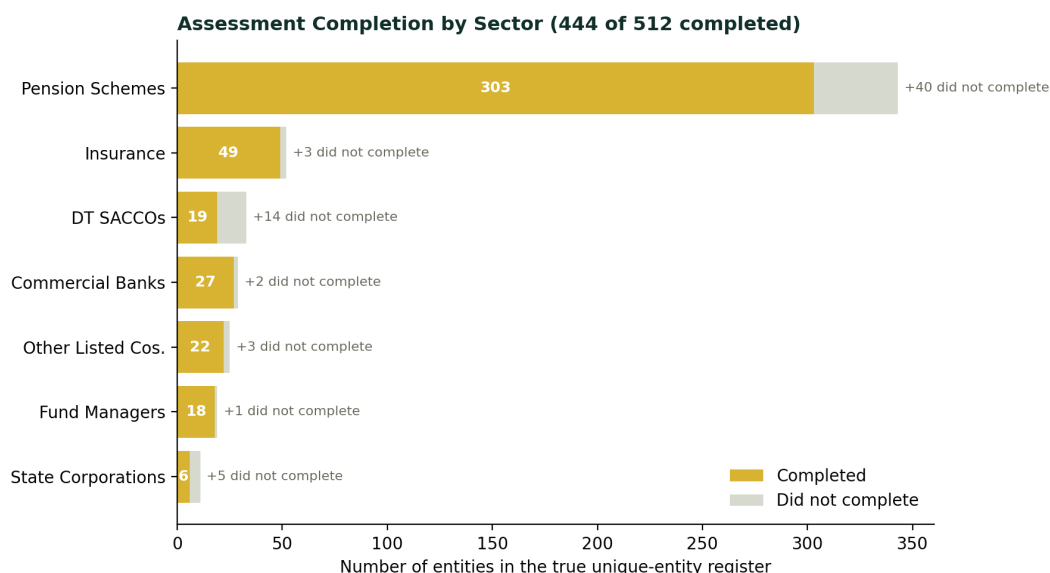


Figure 1: Assessment completion by sector (444 of the 512 PIEs in the register completed the assessment – see Section 2.3).

Sector	Register	Completed	Rate
Other Listed Companies	25	22	88%
State Corporations (IFRS reporters)	11	6	54.5%
Commercial Banks	29	27	93.1%
Fund Managers of Collective Investment and Schemes Alternative Investment Funds	19	18	94.7%

Insurance Companies	52	49	94.2%
Pension Schemes	343	303	88.3%
DT SACCOS	33	19	57.6%
Overall	512	444	86.7%

Overall Readiness Landscape

Across the 385 substantively-scored assessments, the average overall readiness score is 1.51 out of 4, an "Emerging" level of readiness. The distribution is heavily weighted toward the lower two bands: 111 entities (29%) are Nascent, 178 (46%) are Emerging, 73 (19%) are Developing, and only 23 (6.0%) have reached Advanced readiness.

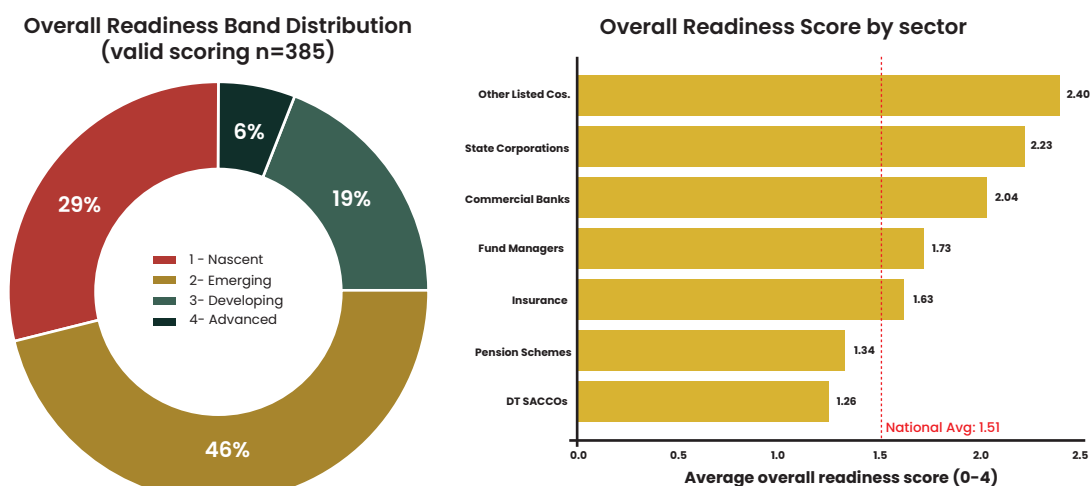


Figure 2: Overall Readiness band distribution (left) and overall average score by sector against the substantive population average (right).

Readiness by IFRS S1/S2 Pillar

Governance records the highest pillar score overall at 1.6/4, although its margin over Risk Management and Strategy is modest and the score remains within the Emerging band. This relative lead appears to be driven by boards increasingly naming sustainability oversight owners. Risk Management and Strategy sit close behind at 1.49/4 and 1.41/4 respectively, while Metrics and Targets is the clearest laggard at 1.22/4. Entities are beginning to identify risks and assign oversight, but have not yet built the measurement infrastructure, including GHG inventories, internal carbon pricing, and target-tracking, that IFRS S2 ultimately requires.

Overall Average Readiness Score by IFRS S1/S2 Pillar

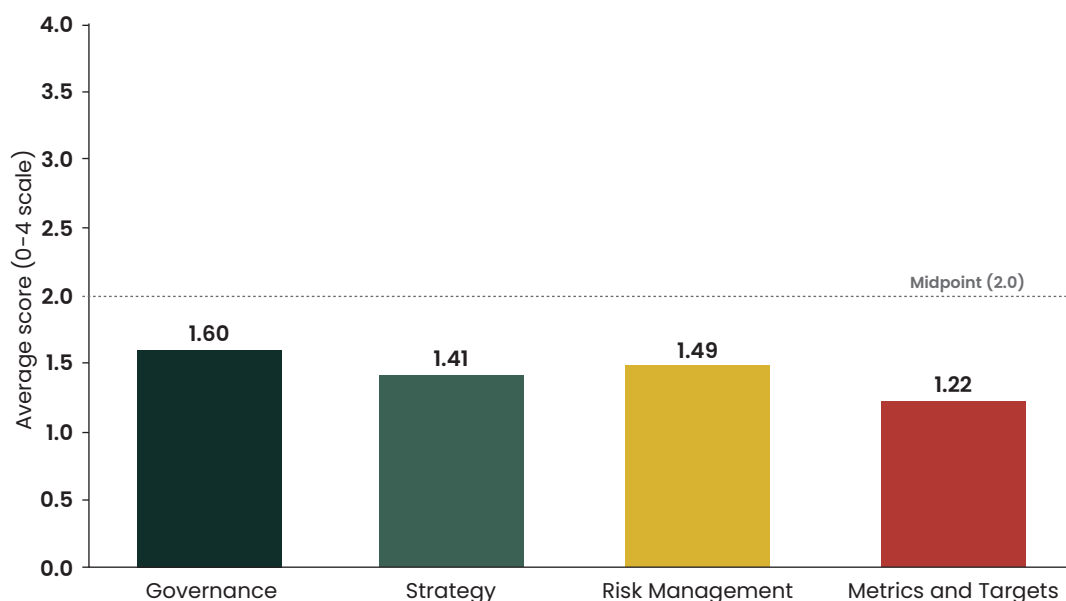


Figure 3: Overall average readiness score by pillar (0-4 scale).

Pillar	Score (0-4)
Governance	1.6
Strategy	1.41
Risk Management	1.49
Metrics and Targets	1.22

Cross-Cutting Disclosure Gaps

The following selected weakest disclosure items are concentrated almost entirely in Metrics and Targets, confirming that quantification, rather than intent, is the binding constraint on readiness:

- Internal carbon pricing methodology - 0.83/4 (Metrics and Targets).
- Carbon credit use, verification, and quality policies - 0.89/4 (Metrics and Targets).
- Climate-linked executive remuneration disclosure - 0.91/4 (Metrics and Targets).
- Use of decarbonisation pathways or sectoral benchmarks - 1.03/4 (Metrics and Targets).
- Sector-specific metrics from IFRS S2 implementation guidance - 1.15/4 (Metrics and Targets).
- Linkage between incentives and sustainability targets - 1.15/4 (Governance).
- Climate-related scenario analysis, including timing, inputs, assumptions, and reporting periods - 1.17/4 (Strategy).

- GHG target details, including covered gases, scopes, carbon credit use, verification, and quality policies - 1.18/4 (Metrics and Targets).

By contrast, the strongest disclosure items overall are concentrated in Governance, particularly around board-level sustainability oversight and engagement:

- Frequency and format of board engagement - 1.87/4 (Governance).
- Board involvement in strategy, decision-making, and target-setting - 1.81/4 (Governance).
- Identification of material sustainability risks and opportunities - 1.76/4 (Strategy).
- Board or committee responsibility for sustainability oversight - 1.74/4 (Governance).
- Roles, responsibilities, and mandates for sustainability oversight - 1.71/4 (Governance).

Overall, 71% of all checklist responses were tagged as "High priority" for remediation, underscoring that gap-closure work is needed broadly rather than in a handful of isolated areas.

Quality of Disclosure

The quality assessment looked beyond the presence of disclosure to assess how to assess how useful, connected, complete, data-supported, and assurance-ready the disclosures were. Overall, the quality scores show a mixed picture. Overall:

- Decision-usefulness and faithful representation - 1.77/4.
- Connectivity of information - 1.49/4.
- Completeness and use of guidance - 1.45/4.
- Data and systems readiness - 1.76/4.
- Assurance readiness - 1.54/4.

The strongest quality dimensions are decision-usefulness and faithful representation, and data and systems readiness, both of which sit slightly above the other quality areas. The weakest dimensions are completeness and use of guidance, followed closely by connectivity of information. This suggests that even where entities have begun producing sustainability disclosures, those disclosures are not yet consistently anchored in IFRS S1/S2 implementation guidance or clearly connected to financial reporting impacts.

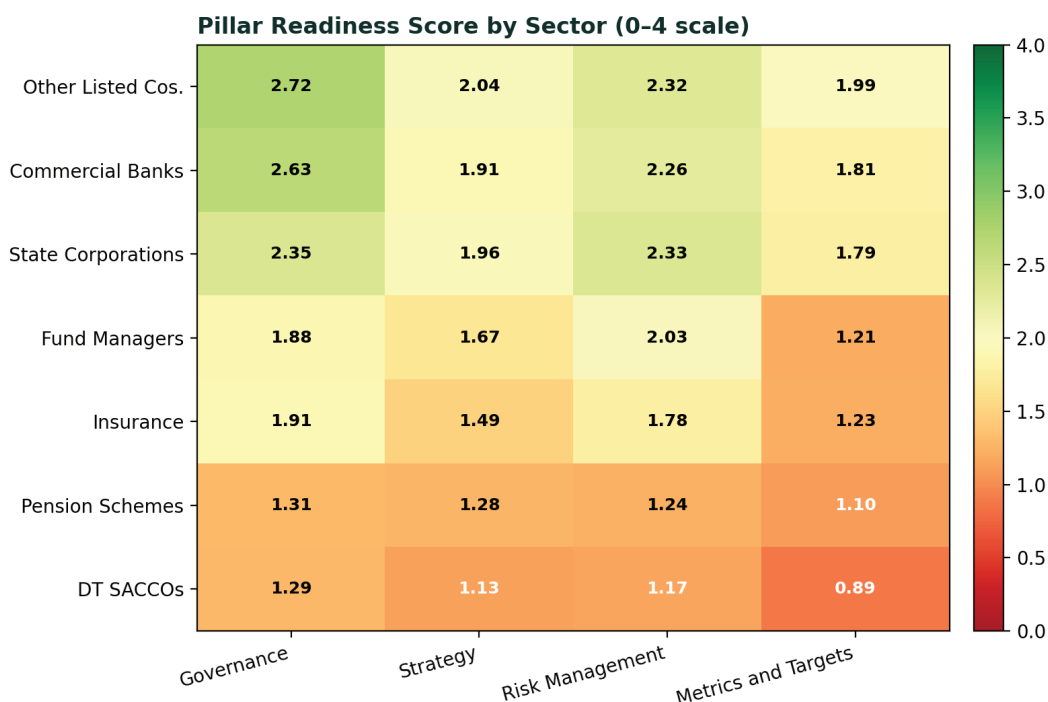


Figure 4: Pillar-level readiness score by sector (0-4 scale; green = stronger, red = weaker).

Sector	Gov.	Strategy	Risk Mgmt	Metrics
Other Listed Companies	2.72	2.04	2.32	1.99
State Corporations (IFRS reporters)	2.35	1.96	2.33	1.79
Commercial Banks	2.63	1.91	2.26	1.81
Fund Managers of Collective Investment and Schemes Alternative Investment Funds	1.88	1.67	2.03	1.21
Insurance Companies	1.91	1.49	1.78	1.23
Pension Schemes	1.31	1.28	1.24	1.1
DT SACCOS	1.29	1.13	1.17	0.89

Then vs. Now: Comparing to the November 2024 Pulse Check

ICPAK had already tested the market's sustainability - reporting sentiment before this assessment. In November 2024, it conducted a lighter-touch Sustainability Reporting Readiness Survey covering 95 entities, 73% private and 27% public. That survey relied on self-reported responses, whereas the

2026 assessment applied a structured, standard-referenced checklist to test readiness against the specific requirements of IFRS S1 and IFRS S2. The comparison is therefore useful not as a like-for-like trend line, but as a way of contrasting market expectations in 2024 with measured disclosure capability in 2026.

The 2024 survey showed clear intent but limited underlying capability. Just over half of respondents said their organisation had commenced its sustainability journey, and the same proportion said they were planning or considering voluntary adoption of IFRS S1/S2. However, only 14.7% reported

having any tool to measure sustainability metrics, and ICPAK’s own headline observation was that only 15% had established governance structures. Even so, respondents were optimistic about timing: 51.6% expected to be ready by 2025, rising to 69.5% by 2026.

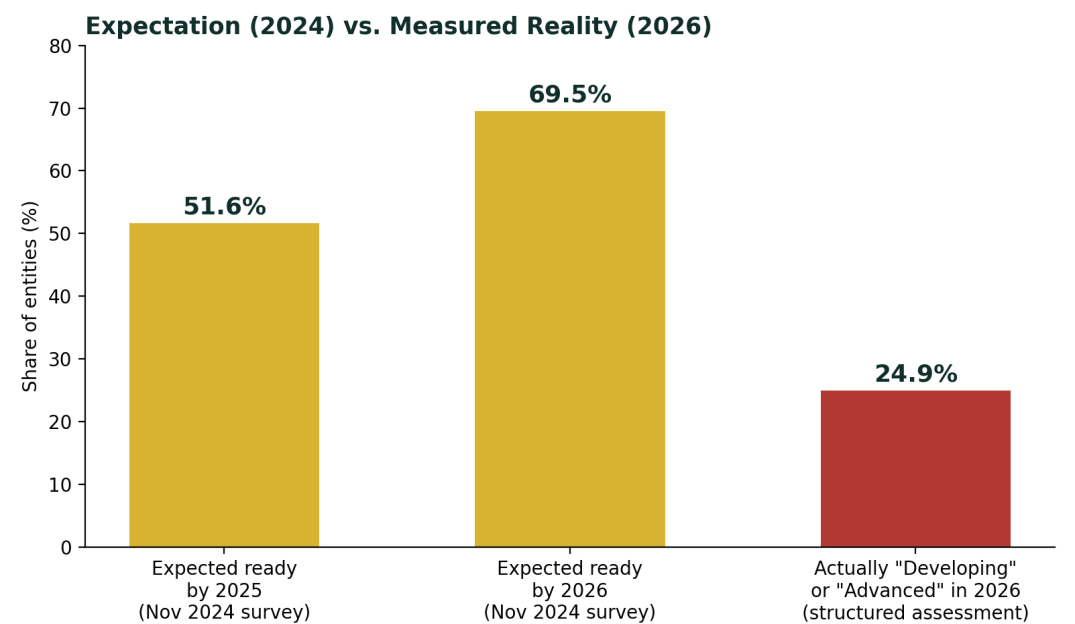


Figure 4a: Share of entities expecting readiness by a given year (Nov 2024 survey) vs. the share actually reaching "Developing" or "Advanced" readiness in this 2026 structured assessment.

Metric	Share
Expected ready by 2025 (Nov 2024 survey)	51.6%
Expected ready by 2026 (Nov 2024 survey)	69.5%
Actually "Developing" or "Advanced" in 2026 (structured assessment)	25%

The contrast is stark: 69.5% of respondents in the late-2024 pulse check expected to be ready by 2026, yet this structured 2026 assessment finds that only 25% of substantively-scored entities have reached the Developing or Advanced bands. The gap between

expectation and measured readiness extends the report’s central Readiness Paradox across time: entities appear to have overestimated how quickly stated intent would translate into demonstrable IFRS S1/S2 disclosure capability.

Two further 2024 findings remain relevant to the 2026 assessment. First, willingness to obtain external assurance was already high in principle, at 69.5% overall and 94.7% among listed companies, but the 2026 quality assessment shows that assurance readiness still sits well below the mid-point nationally. This points to a gap between stated willingness and the systems, evidence, controls, and documentation needed to support assur-

ance. Second, the barriers respondents identified in 2024, including resource constraints, technical interpretation support, lack of quantifiable data, and board or management buy-in, closely mirror the disclosure gaps identified in the 2026 assessment. Those barriers were therefore correctly recognised by the market, but they have not yet been sufficiently resolved, particularly in Metrics and Targets.



The Readiness Paradox

Most readiness studies answer a single question: what percentage of entities are ready? This report asks a sharper one, are organisations actually building the capability to produce IFRS S1/S2-quality disclosures, or are they simply signalling intent? The assessment tool captured three distinct, independently-scored dimensions of readiness that make this comparison possible for the first time.

Three Dimensions, One Question

Dimension	Source	What it measures
A. Strategic Intent	Pre-Assessment (9 sections)	Has the entity assessed applicability, secured a board-approved position, defined reporting boundaries, and set a timeline?
B. Disclosure Capability	49-item Checklist (4 pillars)	Can the entity actually produce the specific governance, strategy, risk management, and metrics disclosures IFRS S1/S2 requires?
C. Quality & Assurance	Quality Assessment (5 sections)	Where disclosure exists, is it decision-useful, connected to the financials, complete, and assurance-ready?

Compared side by side, these three dimensions answer a more useful question than a single composite score ever could: to what extent has stated strategic intent translated into demonstrable disclosure capability?

The Emerging Pattern

Overall, Strategic Intent averages 1.53/4, Disclosure Capability averages 1.39/4, and Quality & Assurance averages 1.62/4. The gap between the first two is the headline finding: intent leads capability by 0.14 points on average, and 57.1% of completed entities score higher on strategic intent than on actual disclosure capability. Kenyan PIEs, in aggregate, are more organisationally prepared to address IFRS S1/S2 than they are technically able to report against it.

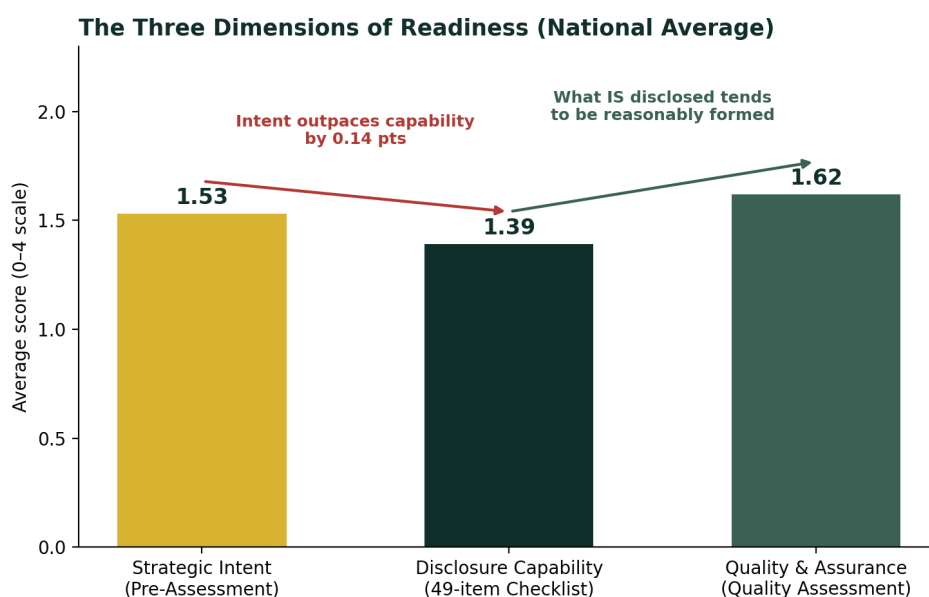


Figure 5: The three dimensions of readiness, global average (0–4 scale).

Dimension	Score (0–4)
Strategic Intent (Pre-Assessment)	1.53
Disclosure Capability (49-item Checklist)	1.39
Quality & Assurance (Quality Assessment)	1.62

A second, less expected pattern emerges alongside it. Quality & Assurance (1.62/4) is not the weakest dimension, it is the strongest, ahead of both intent and capability. In 60.8% of completed entities, the quality score for what is disclosed exceeds the raw capability score. This reframes the usual assumption that Kenyan entities "talk well but disclose poorly": the more

precise finding is that the small set of disclosures entities do produce tend to be reasonably well-formed, decision-useful, complete, and traceable. But the 49-item checklist demands a breadth and technical depth (scope 3 emissions, internal carbon pricing, scenario analysis, climate-linked remuneration) that most entities have not yet built the

infrastructure to meet, regardless of intent or disclosure quality standards. The correlation between intent and capability at entity level is high ($r = 0.89$), most entities that plan well also execute reasonably well, and vice versa. The paradox is therefore not that intent and capability are disconnected across the market; it is that a consistent, structural gap exists

on top of that correlation, and it is concentrated in specific sectors and specific entities, explored below.

Readiness Archetypes

Classifying each completed entity by the size and direction of its intent-capability gap produces three recognisable archetypes:

Archetype	Share of entities	Definition
"All Talk"	24.9%	"Strategic intent meaningfully exceeds disclosure capability. Governance and planning are ahead of what the entity can actually report.
"Aligned"	61.6%	Intent and capability track together, whether both are strong or both still developing.
"Quiet Doer"	13.5%	Disclosure capability exceeds stated strategic intent. The entity is quietly building capability ahead of formal board sign-off.

Approximately one in four completed entities (24.9%) is "All Talk" – a meaningful population where governance-level engagement has not yet translated into reporting capability, and where ICPAK guidance and capacity-building would convert existing board buy-in into actual disclosure output most efficiently.

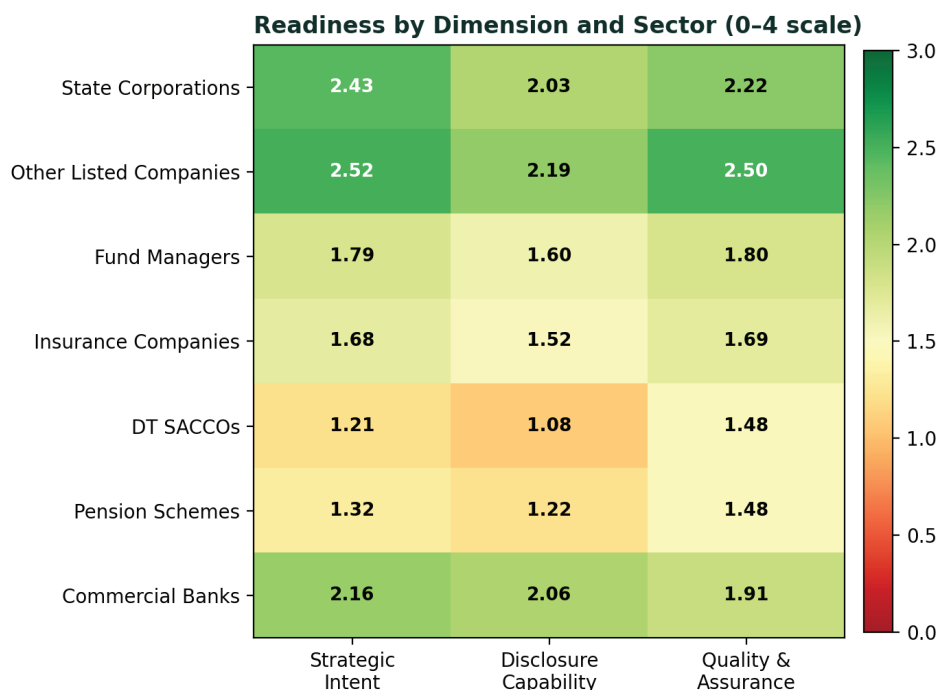


Figure 6: Strategic Intent, Disclosure Capability, and Quality & Assurance by sector (0-4 scale).

Sector	Intent	Capability	Quality
Other Listed Companies	2.43	2.03	2.22
State Corporations (IFRS reporters)	2.52	2.19	2.5
Commercial Banks	1.79	1.6	1.8
Fund Managers of Collective Investment Schemes and Alternative Investment Funds	1.68	1.52	1.69
Insurance Companies	1.21	1.08	1.48
Pension Schemes	1.32	1.22	1.48
DT SACCOS	2.16	2.06	1.91

The intent-capability gap is not evenly spread. It is widest at State Corporations (IFRS reporters) (+0.40 points) and Other Listed Companies (+0.33 points) both industries where governance sophistication and public visibility have pushed strategic intent well ahead of the granular technical disclosures the checklist demands. It is narrowest at Commercial Banks (+0.10 points) and Pension Schemes (+0.11 points). In the case of Commercial Banks, because intent and capability are both comparatively developed rather than because either is exceptionally weak.

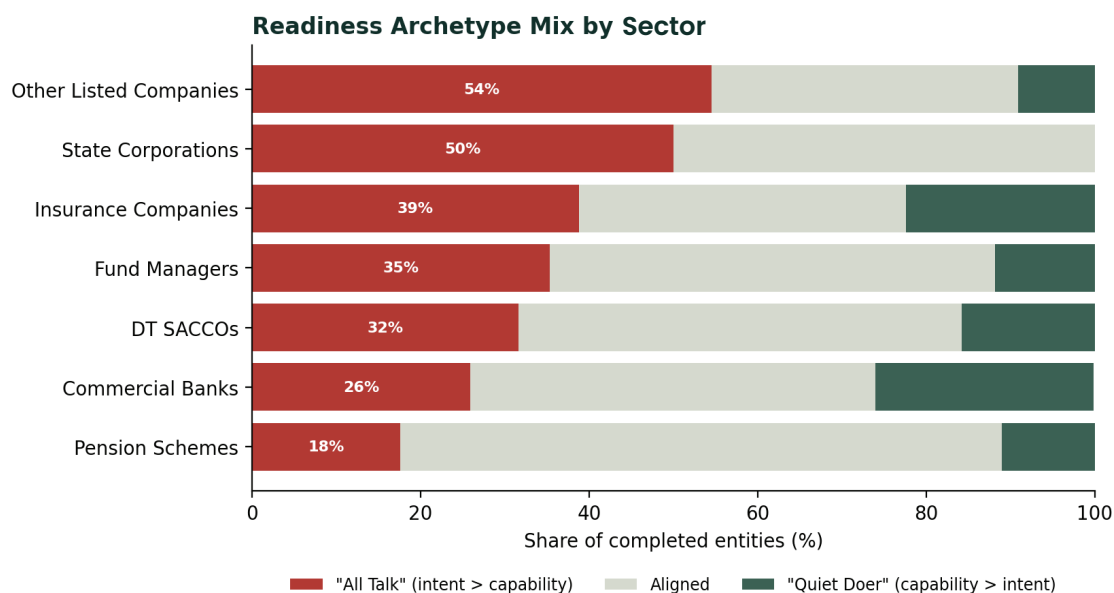


Figure 7: Share of "All Talk", "Aligned", and "Quiet Doer" entities by industry.

Sector	"All Talk"	Aligned	"Quiet Doer"
State Corporations (IFRS reporters)	50%	50%	0%
Other Listed Companies	54.5%	36.4%	9.1%
Fund Managers of Collective Investment Schemes and Alternative Investment Funds	35.3%	52.9%	11.8%
Insurance Companies	38.8%	38.8%	22.4%
DT SACCOS	31.6%	52.6%	15.8%
Pension Schemes	17.6%	71.4%	11%
Commercial Banks	25.9%	48.1%	25.9%

Other Listed Companies has the highest share of "All Talk" entities (54.5%) of any sector making up roughly three times the rate seen in Pension Schemes (17.6%). Commercial Banks, by contrast, has the highest share of "Quiet Doer" entities (25.9%) of any sector, consistent with a sector that has been building disclosure infrastructure under prudential pressure for longer than its formal sustainability governance structures suggest.



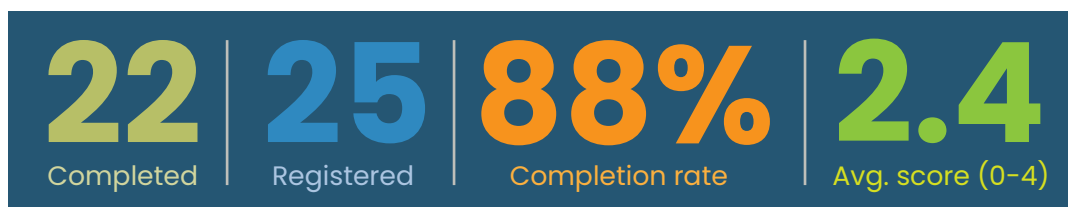
What This Means

- **For ICPAK and regulators:** guidance should target the intent-capability gap directly. Technical, line-item disclosure support (worked GHG examples, carbon pricing templates, scenario-analysis walk-throughs) will convert existing board-level commitment into reportable output faster than further awareness campaigns.
- **For entities:** the finding that quality does not lag capability is good news, it suggests that once an entity commits to producing a disclosure, it tends to do so competently. The priority is therefore expanding the breadth of what is disclosed, not re-engineering how it is disclosed.
- **For investors and assurance providers:** a high governance or intent signal from an entity should not be read as a proxy for actual IFRS S1/S2 disclosure capability, the two are correlated but not interchangeable, and the gap is largest in exactly the sectors (listed companies, state corporations) where external readers are most likely to assume they are.

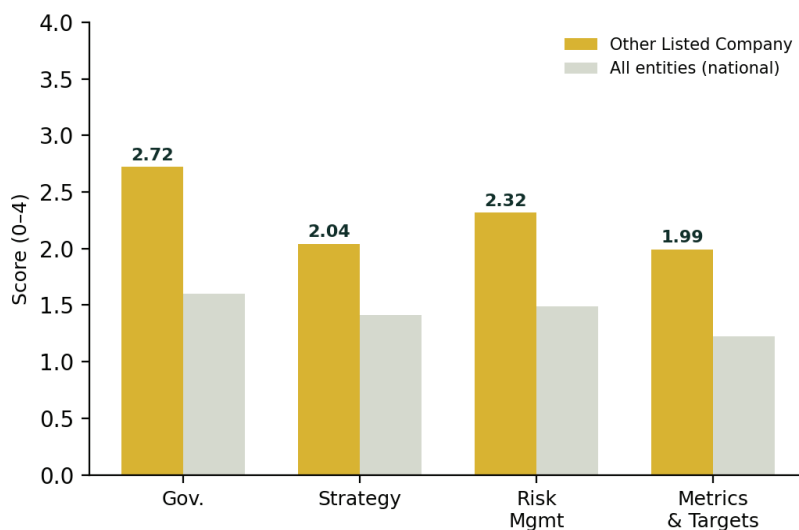
Sector Deep-Dives

The seven sector profiles below are ordered from highest to lowest average readiness score. Each profile covers overall readiness, pillar-level performance, top disclosure gaps and strengths, readiness-band mix, and targeted recommendations.

Other Listed Companies



Other Listed Companies completed 22 of the 25 assessments registered, representing an 88% completion rate. The entities that completed the assessment recorded an average overall readiness score of 2.4/4, placing the sector, on average, in the Developing band and above the overall average of 1.51/4. Scores within the sector ranged from 1.58 to 3.42, indicating a relatively consistent level of preparedness across participating entities.



Other Listed Companies' strongest pillar was Governance (2.72/4); its weakest was Metrics and Targets (1.99/4).

Top Disclosure Gaps

- Internal carbon pricing methodology - 0.82/4 (Metrics and Targets).
- Carbon credit use, verification, and quality policies - 1.18/4 (Metrics and Targets).
- Climate-linked executive remuneration disclosure - 1.23/4 (Metrics and Targets).
- Climate-related scenario analysis, including timing, inputs, assumptions, and reporting periods - 1.23/4 (Strategy).

Relative Strengths

- Board or committee responsibility for sustainability oversight - 3.23/4 (Governance).
- Board involvement in strategy, decision-making, and target-setting - 3.18/4 (Governance).
- Frequency and format of board engagement - 3.09/4 (Governance).

Readiness Band Mix

Nascent: 0 | Emerging: 3 | Developing: 16 | Advanced: 3

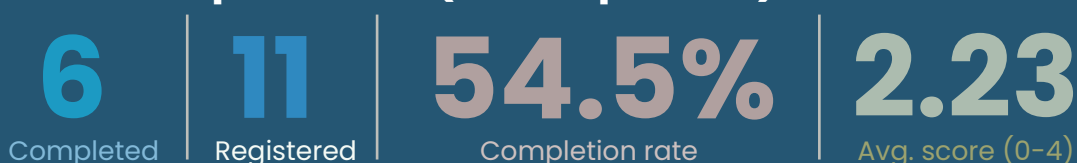
Priority & Quality Signals

- 54.3% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: Financial Integration (2.2/4).
- Weakest disclosure - quality dimension: Connectivity of Information (2.23/4).

Recommended Priorities

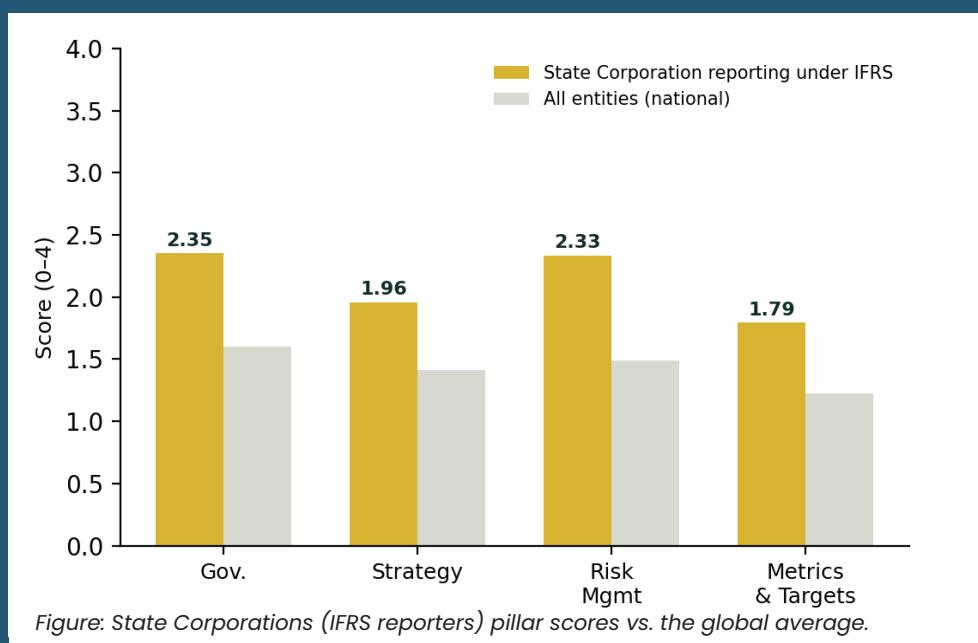
- Integrate IFRS S1/S2 content into the disclosures already required under the CMA Code of Corporate Governance Practices for Issuers of Securities. Listed companies should use their existing CMA/NSE governance and board-reporting infrastructure as the primary channel for this content, rather than creating a separate reporting stream.
- Prioritise linkage between existing narrative sustainability disclosures and the audited financial statements. This is especially important because the sector has one of the widest capability-quality gaps of any sector at -0.31, and investors and sell-side analysts are likely to expect clearer financial statement connectivity from listed issuers.
- Introduce a minimum quantified-metrics threshold for listed-company sustainability disclosures ahead of mandatory adoption. Other Listed Companies has the highest share of All Talk entities of any sector at 54.5%, indicating that governance-level intent is not the main constraint; the priority is to translate that intent into measurable disclosure output.
- Develop sector-specific guidance for the different sectors captured within this category, including manufacturing, energy, consumer goods, and other listed sectors. Tailored guidance is likely to close gaps faster than a single generic listed - company approach.

State Corporations (IFRS reporters)



State Corporations reporting under IFRS completed 6 of the 11 assessments in the register, representing a 54.5% completion rate. The entities that completed the assessment recorded an average overall readiness score of 2.23/4, placing the sector, on average, in the Developing band and above the overall average of 1.51/4. Scores within the sector ranged from 1.13 to 3.23, indicating a relatively consistent level of preparedness across participating entities.

Pillar Performance



State Corporations (IFRS reporters)'s strongest pillar was Governance (2.35/4); its weakest was Metrics and Targets (1.79/4).

Top Disclosure Gaps

- Climate-linked executive remuneration disclosure - 0.83/4 (Metrics and Targets).
- Internal carbon pricing methodol-

ogy - 0.83/4 (Metrics and Targets).

- Climate-related scenario analysis, including timing, inputs, assumptions, and reporting periods - 1.17/4 (Strategy).
- Implications of scenario analysis, including uncertainties and potential responses - 1.17/4 (Strategy).

Relative Strengths

- Board involvement in strategy, decision-making, and target-setting - 3.17/4 (Governance).
- Strategic and regulatory targets, including descriptions, metrics, updates, scope, timeframe, and alignment with international goals - 2.83/4 (Metrics and Targets).
- Identification of material sustainability risks and opportunities - 2.83/4 (Strategy).

Readiness Band Mix

Nascent: 0 | Emerging: 1 | Developing: 4 | Advanced: 1

Priority & Quality Signals

- 76.5% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: Financial Integration (2.04/4).
- Weakest disclosure - quality dimension: Connectivity of Information (1.92/4).

Recommended Priorities

- Embed sustainability KPIs within the Mwongozo Code of Govern-

nance and the existing State Corporations Advisory Committee performance-contracting cycle, so IFRS S1/S2 disclosure forms part of established reporting to the National Treasury and the Auditor General rather than operating as a parallel exercise.

- Convert existing board-level climate commitments into measurable KPIs anchored in areas state corporations directly control, including vehicle fleets, energy use in public infrastructure, and asset management. This would help close the sector's intent-capability gap, which is the widest of any sector at 0.40 points.
- Use the existing Auditor-General relationship as the entry point for assurance readiness. Because these entities already undergo mandatory public-sector audit, extending existing audit and documentation processes to sustainability-related disclosures is likely to be more efficient than building a separate assurance function from scratch.

Commercial Banks



Commercial Banks completed 27 of the 29 assessments in the register representing a 93.1% completion rate. The entities that completed the assessment recorded an average overall readiness score of 2.04/4, placing the sector, on average, in the Developing band and above the overall average of 1.51/4. Scores within the sector ranged from 0.22 to 3.49, indicating wide dispersion between the most and least prepared participating entities.

Pillar Performance

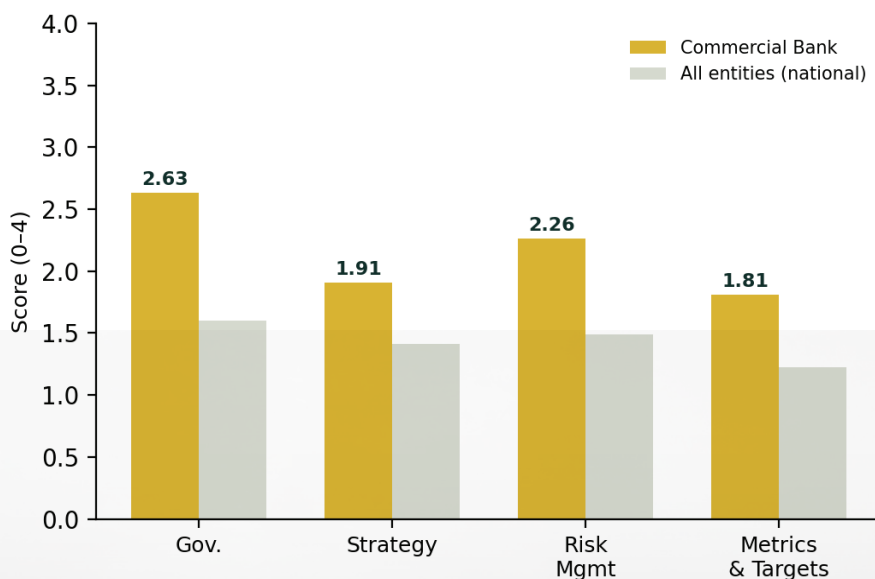


Figure: Commercial Banks pillar scores vs. the global average.



Commercial Banks' strongest pillar was Governance (2.63/4); its weakest was Metrics and Targets (1.81/4).

Top Disclosure Gaps

- Carbon credit use, verification, and quality policies - 0.74/4 (Metrics and Targets).
- Internal carbon pricing methodology - 0.78/4 (Metrics and Targets).
- Climate-linked executive remuneration disclosure - 1.15/4 (Metrics and Targets).
- Material adjustments to carrying amounts of assets and liabilities - 1.26/4 (Strategy).
- Relative Strengths
- Board or committee responsibility for sustainability oversight - 3.19/4 (Governance).
- Roles, responsibilities, and mandates for sustainability oversight - 3.07/4 (Governance).
- Frequency and format of board engagement - 3.00/4 (Governance).

Readiness Band Mix

Nascent: 3 | Emerging: 9 | Developing: 11 | Advanced: 4

Priority & Quality Signals

- 50.5% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: Financial Integration (1.66/4).
- Weakest disclosure-quality dimension: Assurance (1.74/4).

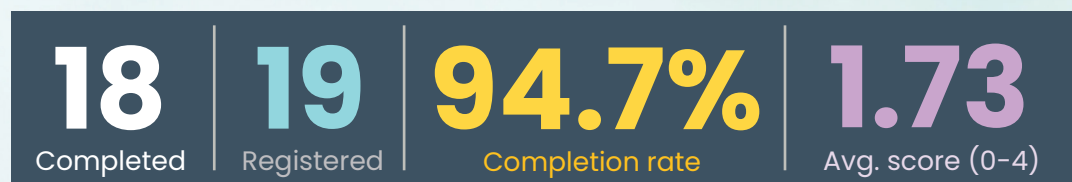
Recommended Priorities

- Commercial Banks already report under the CBK Guidance on Climate-Related Risk Manage-

ment. Extend the existing CBK supervisory framework for climate-related risk management to cover the additional metrics required by IFRS S2, including financed emissions and sector-specific decarbonisation pathways. This would allow banks to build on established prudential reporting channels rather than creating parallel reporting infrastructure.

- Formalise existing disclosure capability through board approved sustainability reporting policies. Commercial Banks have the highest share of entities where disclosure capability exceeds stated strategic intent at 25.9%, indicating that some reporting capability already exists but has not yet been fully embedded in governance, documentation, and assurance processes.
- Prioritise financed-emissions measurement and climate stress-testing as the next stage of IFRS S2 implementation. Banks can build this capability on the credit risk, portfolio risk, and Basel-aligned stress - testing infrastructure already used for CBK prudential purposes.
- Document the factors behind the sector's high completion rate and use them to improve follow-up in other regulated sectors. Commercial Banks completed 27 of the 29 assessments in the register, representing a 93.1% completion rate; CBK and ICPAK should also follow up with the remaining non-completing banks to support full sector coverage.

Fund Managers of Collective Investment Schemes and Alternative Investment Funds



Fund Managers of Collective Investment Schemes and Alternative Investment Funds completed 18 of the 19 assessments in the register representing a 94.7% completion rate. The entities that completed the assessment recorded an average overall readiness score of 1.73/4, placing the sector, on average, in the Emerging band and above the overall average of 1.51/4. Scores within the sector ranged from 0.14 to 2.78, indicating wide dispersion between the most and least prepared participating entities.

Pillar Performance

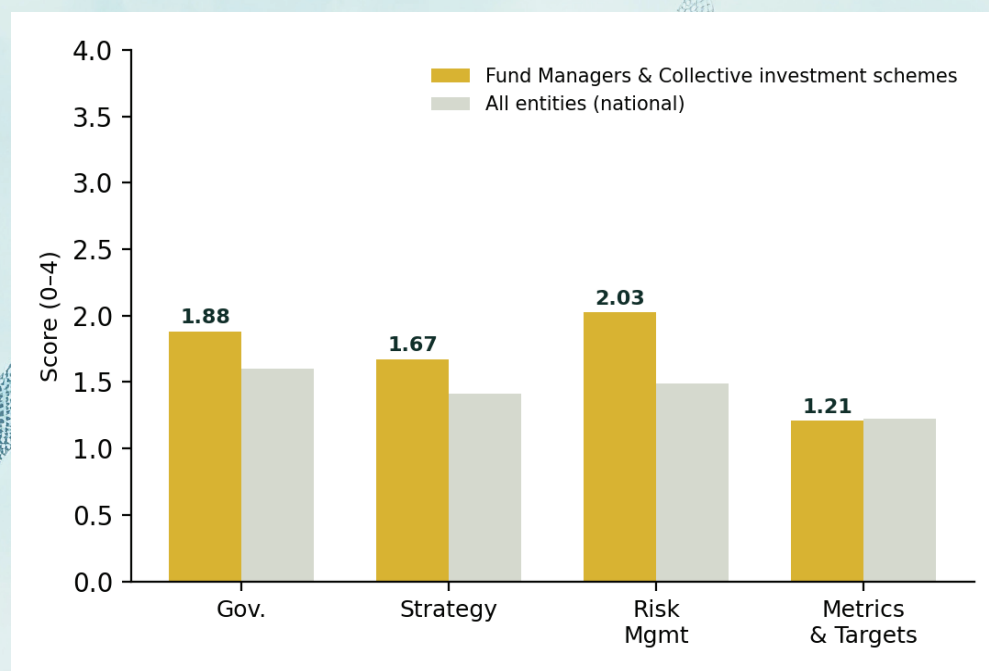


Figure: Fund Managers of Collective Investment Schemes and Alternative Investment Funds pillar scores vs. the global average.

Fund Managers & Collective Investment Schemes' strongest pillar was Risk Management (2.03/4); its weakest was Metrics and Targets (1.21/4).

Top Disclosure Gaps

- Climate-linked executive remuneration disclosure - 0.47/4 (Metrics and Targets).
- Internal carbon pricing methodology - 0.47/4 (Metrics and Targets).
- Carbon credit use, verification, and quality policies - 0.47/4 (Metrics and Targets).
- Use of decarbonisation pathways or sectoral benchmarks - 0.82/4 (Metrics and Targets).

Relative Strengths

- Frequency and format of board engagement - 2.35/4 (Governance).
- Processes and policies used to identify, assess, prioritise, and monitor sustainability-related risks, including inputs, parameters, and use of scenario analysis - 2.35/4 (Risk Management).
- Assessment, prioritisation, and monitoring of sustainability related risks - 2.35/4 (Risk Management).

Readiness Band Mix¹

Nascent: 4 | Emerging: 6 | Developing: 7 | Advanced: 0

Priority & Quality Signals

- 66.4% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: sector-specific Readiness (1.31/4).

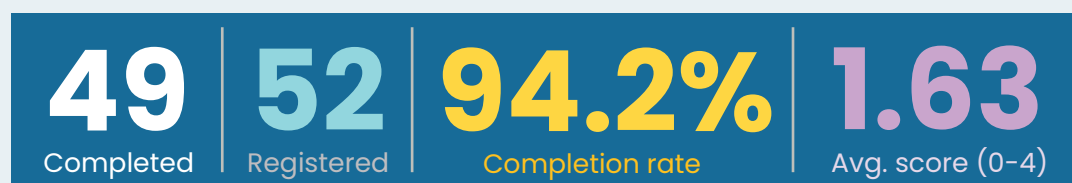
- Weakest disclosure - quality dimension: Connectivity of Information (1.62/4).

Recommended Priorities

- Fund managers' Metrics and Targets gap is compounded by a data problem specific to this sector: financed emissions and much of the required climate data depend on portfolio companies' own disclosure maturity, not the fund manager's internal systems. CMA and sector associations should coordinate a shared portfolio-company data standard rather than leaving each manager to solve this independently.
- Adopt a stewardship-code approach as used in comparable CMA-style jurisdictions requiring fund managers to engage investee companies on climate disclosure as a condition of continued holding, which compounds readiness gains across the wider listed market.
- With capability (1.60) trailing quality (1.80), this sector's binding constraint is the breadth of what is covered: more asset classes, more portfolio companies in scope not the standard of what is already disclosed.
- Fund Managers has the highest completion rate of any sector (94.7%); the remaining non-completing and non-compliant entities should be quick, low-cost follow-up for CMA and ICPAK to close out full sector coverage.

¹ 1 of the 18 completed entities returned all-zero responses across every question and is therefore excluded from this band mix and from all scores on this page; see Appendix, p.39.

Insurance Companies



Insurance Companies completed 49 of the 52 assessments in the register representing a 94.2% completion rate. The completing cohort recorded an average overall readiness score of 1.63/4 placing the sector, on average, in the "Emerging" band, above the 1.51/4 global average. Scores within the sector ranged from 0.09 to 3.17, indicating wide dispersion between the most and least prepared entities.

Pillar Performance

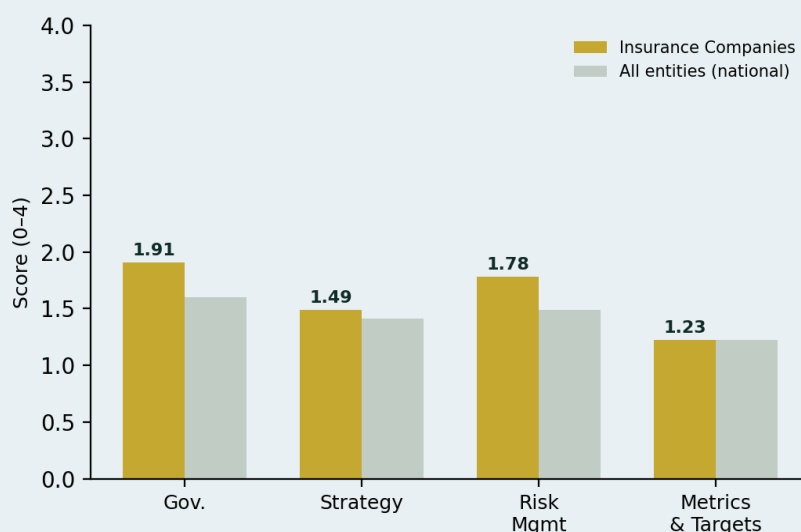


Figure: Insurance Companies pillar scores vs. the global average.

Insurance Companies' strongest pillar was Governance (1.91/4); its weakest was Metrics and Targets (1.23/4).

Top Disclosure Gaps

- Internal carbon pricing methodology - 0.29/4 (Metrics and Targets).
- Climate-linked executive remuneration disclosure - 0.51/4 (Metrics and Targets).
- Carbon credit use, verification, and

quality policies - 0.51/4 (Metrics and Targets).

- Use of decarbonisation pathways or sectoral benchmarks - 0.71/4 (Metrics and Targets).

Relative Strengths

- Board or committee responsibility for sustainability oversight - 2.31/4 (Governance).
- Frequency and format of board

engagement - 2.18/4 (Governance).

- Board involvement in strategy, decision-making, and target-setting - 2.18/4 (Governance).

Readiness Band Mix¹

Nascent: 9 | Emerging: 23 | Developing: 15 | Advanced: 2

Priority & Quality Signals

- 59% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: Financial Integration (1.25/4).
- Weakest disclosure - quality dimension: Connectivity of Information (1.58/4).

Recommended Priorities

- Insurers carry climate exposure on both sides of the balance sheet: underwriting (claims exposure to weather-related events) and investment (asset portfolio). IRA guidance should explicitly require both to be addressed, since the checklist gap here is concentrated in scenario analysis and metrics

rather than governance.

- Existing actuarial capability, already used for reserving and pricing, is a natural resource for climate scenario analysis. Insurers should redeploy existing actuarial teams for this work rather than building a separate climate-risk function from the ground up.
- 22.4% of insurers fall into the "Quiet Doer" archetype the second highest share of any sector, meaning several insurers are already ahead of their own stated intent. IRA and the Association of Kenya Insurers (AKI) should identify and showcase these as sector reference points for peers.
- 49 of the 52 required insurers completed the assessment (94.2%, the second-highest completion rate of any sector, behind only Fund Managers); IRA should prioritise direct follow-up with the remaining insurers to close out full sector coverage, given the sector's dual climate exposure and its public-facing role in pricing climate risk.

Pension Schemes

303

Completed

343

Registered

88.3%

Completion rate

1.34

Avg. score (0-4)

Pension Schemes completed 303 of the 343 assessments in the register representing a 88.3% completion rate. The completing cohort recorded an average overall readiness score of 1.34/4 placing the sector, on average, in the "Emerging" band, below the 1.51/4 global average. Scores within the sector ranged from 0.01 to 3.95, indicating wide dispersion between the most and least prepared entities.

Pillar Performance

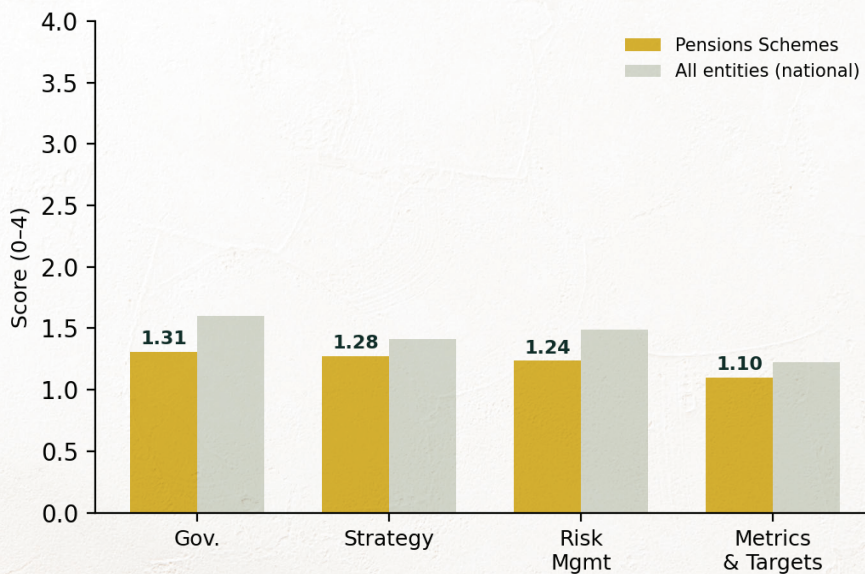


Figure: Pension Schemes pillar scores vs. the global average.

Pension Schemes' strongest pillar was Governance (1.31/4); its weakest was Metrics and Targets (1.1/4).

Top Disclosure Gaps

- Plans for using carbon credits, including policies for their verification and quality - 0.97/4 (Metrics and Targets)
- Climate-linked executive remuneration - 0.99/4 (Metrics and Targets)
- Internal carbon pricing and methodology - 0.99/4 (Metrics and Targets)
- Use of decarbonization pathways or sectoral benchmarks - 1/4 (Metrics and Targets)

Relative Strengths

- Frequency and format of board engagement - 1.54/4 (Governance)
- Identification of material sustainability risks and opportunities - 1.48/4 (Strategy)
- Board's involvement in strategy, decision-making, and target setting - 1.45/4 (Governance)

Readiness Band Mix¹

Nascent: 90 | Emerging: 124 | Developing: 19 | Advanced: 12

Priority & Quality Signals

- 77.7% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: sector-specific Readiness (1.13/4).
- Weakest disclosure - quality dimension: Completeness and Use of Guidance (1.26/4).

Recommended Priorities

- Pension Schemes are trustee-governed, and many trustees are lay volunteers rather than professional asset managers. RBA and sector bodies should prioritise trust-

ee-level training on IFRS S1/S2 basics. 71.4% of schemes are "Aligned", meaning intent and capability move together for most schemes, so the priority is raising both in step rather than converting existing intent into action.

- With 343 schemes required to report, by far the largest population of any sector, more than six times the next-largest sector, RBA should consider a tiered approach: larger umbrella and corporate schemes build full disclosure capability first, with smaller single-employer schemes following a simplified track calibrated to their scale.
- Given the sector's scale, pooled or outsourced solutions through administrators, fund managers, or actuarial firms that already service many schemes at once are likely to close gaps faster than scheme - by - scheme capacity building. This is especially relevant given evidence from the data that at least one administrator submits near - identical assessments across dozens of client schemes; if formalised deliberately, such shared infrastructure could be a genuine asset rather than a data-quality risk.
- 77.7% of this sector's checklist items are flagged High priority for remediation, the highest share of any sector, even though Pension Schemes is not the lowest-scoring sector overall. This signals a segment that has real scale and moderate underlying readiness, but still requires sustained, resourced RBA-led intervention to convert its size into consistent capability.

¹ 58 of the 303 completed entities returned all-zero responses across every question and are therefore excluded from this band mix and from all scores on this page; see Appendix, p.39.

Deposit-Taking SACCOs

19

Completed

33

Registered

57.6%

Completion rate

1.26

Avg. score (0-4)

Deposit Taking SACCOs completed 19 of the 33 assessments in the register representing a 57.6% completion rate. The completing cohort recorded an average overall readiness score of 1.26/4 placing the sector, on average, in the "Emerging" band, below the 1.51/4 global average. Scores within the sector ranged from 0.28 to 3.08, indicating wide dispersion between the most and least prepared entities.

Pillar Performance

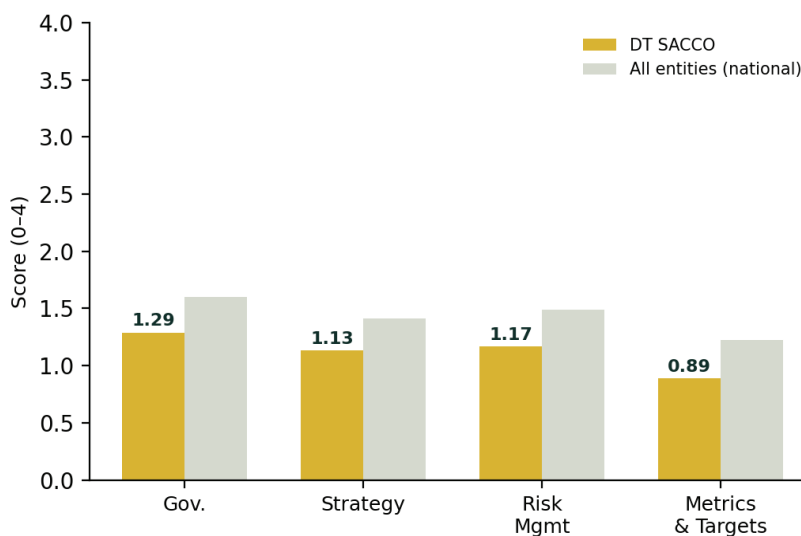


Figure: DT SACCOs pillar scores vs. the global average.

DT SACCOs' strongest pillar was Governance (1.29/4); its weakest was Metrics and Targets (0.89/4).

Top Disclosure Gaps

- Use of decarbonization pathways or sectoral benchmarks - 0.63/4 (Metrics and Targets)
- Internal carbon pricing and methodology - 0.63/4 (Metrics and Targets)



- Climate-linked executive remuneration - 0.68/4 (Metrics and Targets)
- GHG targets, including Covered gases and scopes and plans for using carbon credits, including policies for their verification and quality - 0.79/4 (Metrics and Targets)

Relative Strengths

- Frequency and format of board engagement - 1.63/4 (Governance)
- Board's involvement in strategy, decision-making, and target setting - 1.63/4 (Governance)
- Description of roles, responsibilities, and mandates - 1.58/4 (Governance)

Readiness Band Mix¹

Nascent: 5 | Emerging: 12 | Developing: 1 | Advanced: 1

Priority & Quality Signals

- 73.6% of checklist items in this sector are flagged High priority for remediation.
- Weakest pre-assessment dimension: Metrics & Quantification Capability (0.93/4).
- Weakest disclosure - quality dimension: Connectivity of Information (1.24/4).

Recommended Priorities

- DT SACCOS is the lowest-scoring sector overall (1.26/4 average) and has the weakest Disclosure Capability score of any sector (1.08/4).

Combined with a below-average completion rate (57.6%), SASRA and the sector's apex bodies should treat DT SACCOS as the single highest-priority sector for coordinated intervention building shared, low-cost disclosure templates that reflect SACCOS' smaller back-office capacity relative to banks, rather than expecting each SACCO to build capability independently.

- This sector has the widest capability-quality gap of any sector (-0.40): when DT SACCOS do disclose, quality holds up markedly better than the underlying capacity to produce more disclosure. A shared sectoral reporting utility is likely to close this gap faster than entity-by-entity capacity building.
- Given SACCOS' common-bond, member-owned structure and generally smaller balance sheets, IFRS S1/S2 implementation guidance for this sector should be right-sized: simplified metrics and materiality thresholds rather than applying full listed-company-scale requirements.
- SASRA's existing prudential returns infrastructure, which already captures member deposits and portfolio quality on a regular cycle, offers a ready-made channel for embedding climate metrics into a reporting rhythm SACCOS are already familiar with.

Cross-Sector Comparison

Most readiness studies answer a single question: what percentage of entities are ready? This report asks a sharper one, are organisations actually building the capability to produce IFRS S1/S2-quality disclosures, or are they simply signalling intent? The assessment tool captured three distinct, independently-scored dimensions of readiness that make this comparison possible for the first time.

Three Dimensions, One Question

Sector	Completed / Required	Completion rate	Avg. score	Readiness band	Weakest pillar
Other Listed Companies	22/25	88%	2.4	Developing	Metrics & Targets
State Corporations (IFRS reporters)	6/11	54.5%	2.23	Developing	Metrics & Targets
Commercial Banks	27/29	93.1%	2.04	Developing	Metrics & Targets
Fund Managers of Collective Investment Schemes and Alternative Investment Funds	18/19	94.7%	1.73	Emerging	Metrics & Targets
Insurance Companies	49/52	94.2%	1.63	Emerging	Metrics & Targets
Pension Schemes	303/343	88.3%	1.34	Emerging	Metrics & Targets
DT SACCOS	19/33	57.6%	1.26	Emerging	Metrics & Targets

Three patterns stand out. First, readiness correlates with governance sophistication and public accountability: Other Listed Companies, State Corporations, and Commercial Banks, entities most exposed to investor, regulatory, or public scrutiny, lead the market.

Second, Metrics and Targets is the weakest pillar in every single sector without exception, confirming that measurement infrastructure (not

board-level intent) is the universal bottleneck.

Third, DT SACCOS is the lowest-scoring sector overall (1.26/4), just below Pension Schemes (1.34/4) but Pension Schemes remains by far the largest cohort by entity count (343 required entities, more than six times the next-largest sector), so its below-average readiness affects far more entities in absolute terms than any other sector's shortfall.

Recommendations and Roadmap

For ICPAK and Regulators

- Issue sector-specific implementation guidance for Metrics and Targets, the weakest pillar across every sector, with worked examples for GHG inventory-building, internal carbon pricing, and target-setting.
- Prioritise capacity-building support for Pension Schemes and DT SACCOs, the two lowest-scoring sectors, including template disclosures and low-cost data tools suited to smaller entities.
- Follow up directly with the entities that did not complete the assessment, and the further 59 that completed but gave all-zero responses, to understand barriers to participation and extend the readiness baseline before mandatory reporting begins.
- Establish an assurance-readiness track-record, given Assurance is among the weakest quality dimensions across every sector.

For Entities

- Move beyond narrative disclosure toward quantified, auditable metrics, the single largest gap in every sector.
- Formalise the linkage between sustainability KPIs and executive remuneration, and between board oversight and target-setting, to convert existing governance strength into stronger Strategy and Metrics scores.
- Build connectivity between sustainability disclosures and the financial statements, and reference IFRS S1/S2 implementation guidance explicitly, to lift disclosure-quality scores.
- Where scenario analysis is not yet performed, begin with a single, simple climate scenario rather than deferring until full capability exists.

Appendix: Note on Non-Completing Entities

All 512 PIEs in the reconciled register were required by ICPAK to complete the assessment – this was a mandatory exercise, not a voluntary survey. 68 entities (13.3%) did not reach full completion despite that requirement and are therefore excluded from the completed population; a further 59 completed entities gave all-zero responses and are excluded specifically from score calculations. Non-completion by rate was highest in State Corporations (5 of 11 required entities, 45.5%) and DT SACCos (14 of 33, 42.4%) both well above the other five sectors, which all recorded non-completion rates below 12%. Pension Schemes recorded the largest absolute number of non-completions (40) but a comparatively low non-completion rate (11.7%), reflecting its sheer scale rather than disproportionate non-compliance.

ICPAK and sector associations will treat non-completing and non-participating entities as a priority follow-up cohort ahead of mandatory IFRS S1/S2 adoption, both to extend coverage of the baseline and to close any awareness or capacity gap that non-completion may reveal.





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