

5TH AFRICA PENSION TECHNOLOGY AND DIGITAL INNOVATION CONFERENCE 2026

Trusted by Design: Building Africa's Inclusive Pension Future

ESG Integration Reporting & Digital Ledgers (Blockchain)

Pridein Hotel Mombasa, 22nd – 25th Sept. 2026

FROM ETHICS TO FIDUCIARY DUTY AND COMPLIANCE

Global Momentum

Phase I (1970-1990s):

Voluntary environmental reporting to enhance Transparency - establishment of GSSB's GRI (1997) and the UN's PRI (2006)

Phase II (2015-2000s):

High stakeholder expectations & financial materiality to enhance Transparency - adoption of the Paris Agreement in 2015, TFCD, TFND

Phase III (2021-present):

Standardization & regulation to entrench mandatory disclosure - IFRS Foundation established the ISSB – IFRS S1 & S2 in 2023

Kenya's Frameworks

- The Climate Change Act, 2016, and the Climate Change (Amendment) Act, 2023
- Sector-specific guidance:
 - Banking sector (CBK):** Climate-Related Risk Management Guidance, Climate Risk Disclosure Framework, Kenya Green Finance Taxonomy (KGFT)
 - Pension Sector(RBA):** Draft ESG Guidance Note, ESG Toolkit
 - Capital Markets (CMA/NSE):** ESG Disclosures Guidance Manual

Effective 1 January 2027

ICPAK has mandated IFRS Sustainability Disclosure Standards for all Public Interest Entities – including every retirement benefits scheme in Kenya.

KEY CONSTRAINTS ON IMPLEMENTATION

1 Weak or unavailable data:

Sustainability requirements cannot be effectively enforced where information is unavailable, incomparable or unreliable

2 Implementation costs:

Additional compliance requirements are perceived as a potential additional cost to institutions

4 Risk of disproportionate requirements on smaller entities:

Listed, systemically important and larger institutions may be able to meet requirements earlier than smaller entities

3 Limited technical & assurance capacity:

The technical and assurance capacity among regulators, trustees, issuers, asset managers, and assurance providers is lacking.

Proportionality is essential to maintaining credibility and avoiding compliance requirements institutions cannot meaningfully implement.

IFRS S1 & S2: A PHASED ADOPTION PATHWAY



Diagnose & Build Capacity

a

Assess market readiness, data, institutional capacity and existing practices before setting compliance timelines

b

Build capability for regulators, trustees, issuers, managers and assurance providers alongside — not after — regulation

c

Use proportionality: listed and systemically important institutions can move faster than smaller entities

Integrate & Strengthen Stewardship

a

Apply sustainability risk across the full portfolio — government securities, listed assets, alternatives, manager selection

b

Strengthen stewardship: funds must set mandates, assess managers, vote and engage investee companies

c

Adapt IFRS S1/S2 to domestic realities — economic structure, energy mix and institutional capacity differ across Africa

Data, Assurance & Market Tools

a

Set minimum data expectations, acceptable methodologies, and a proportionate path from limited to reasonable assurance

b

Build specialist capacity for alternative assets: valuation, liquidity, leverage, concentration and conflicts of interest

c

Use market-development tools alongside regulation — tax incentives, guarantees, blended finance, credible project pipelines



Jurisdiction	Key Development	Key Lesson
South Africa	FSCA — Regulation 28 (2022): 45% infrastructure & foreign limits, 15% private-equity carve-out, 25% per-issuer limit	<i>82% of funds embed ESG in policy – but only 46% have active-ownership policies, 19% climate policies</i>
Kenya (RBA)	Schemes classed as public-interest entities; sustainability reporting mandatory from 1 Jan 2027	<i>Lesson: capacity building must precede compliance</i>
Kenya (CMA)	Draft ESG Code developed; Authority preparing its own integrated report to lead by example	<i>Lesson: diagnose the market before regulating</i>
Zambia (SEC)	Green bond guidelines (2019) → taxonomy (2025) → green finance portal & sustainability bond (2026)	<i>IFRS S1/S2 mandatory for listed firms; needs stronger issuer pipeline</i>
CEMAC (CONSUMAF)	Legal framework for green/social/sustainability bonds (2023); sustainability risk = standalone prudential category	<i>Hard-law framework can precede IFRS S1/S2 adoption or a regional taxonomy</i>



Under the ESG reporting framework, every disclosure sits under four core pillars

1

Governance

Processes and controls the scheme uses to monitor and manage sustainability-related issues

2

Strategy

How ESG is integrated into investment strategy, risk-adjusted returns, and stewardship

3

Risk Management

How the scheme identifies, assesses, and manages sustainability-related risks

4

Metrics & Targets

The data and SMART targets used to measure and track ESG performance

A 9-STEP ROADMAP ACROSS THREE PHASES



Phase 1 – Getting Ready

1. Establish foundational governance
– Assign a Board committee
2. Build board capacity
3. Conduct a Materiality assessment
4. Update the IPS
5. Engage service providers

Phase 2 – Doing & Showing

6. Gather and manage ESG data
7. Prepare the ESG disclosure
8. Review, verify, and publish

Phase 3 – Continuous Improvement

9. Monitor, review, and improve annually



The Draft ESG Guidance applies to all schemes – scaled by AUM

LARGE SCHEMES

AUM exceeding KES 1 billion

- Detailed quantitative data across all disclosure items
- Advanced methodologies, e.g. financed emissions
- Full climate scenario analysis expected
- Structured, formalised ESG governance

SMALLER SCHEMES

AUM up to KES 1 billion

- Robust qualitative descriptions of policy and process
- Quantitative data limited to readily available metrics
- Can rely on aggregate data from service providers
- Focus on counterparty ESG risk of fund/guarantee providers



ESG Integration provides a shared responsibility across the scheme value chain

Trustees

Set ESG policy in the IPS, oversee service providers, build board capacity, and approve final disclosures.

Administrators

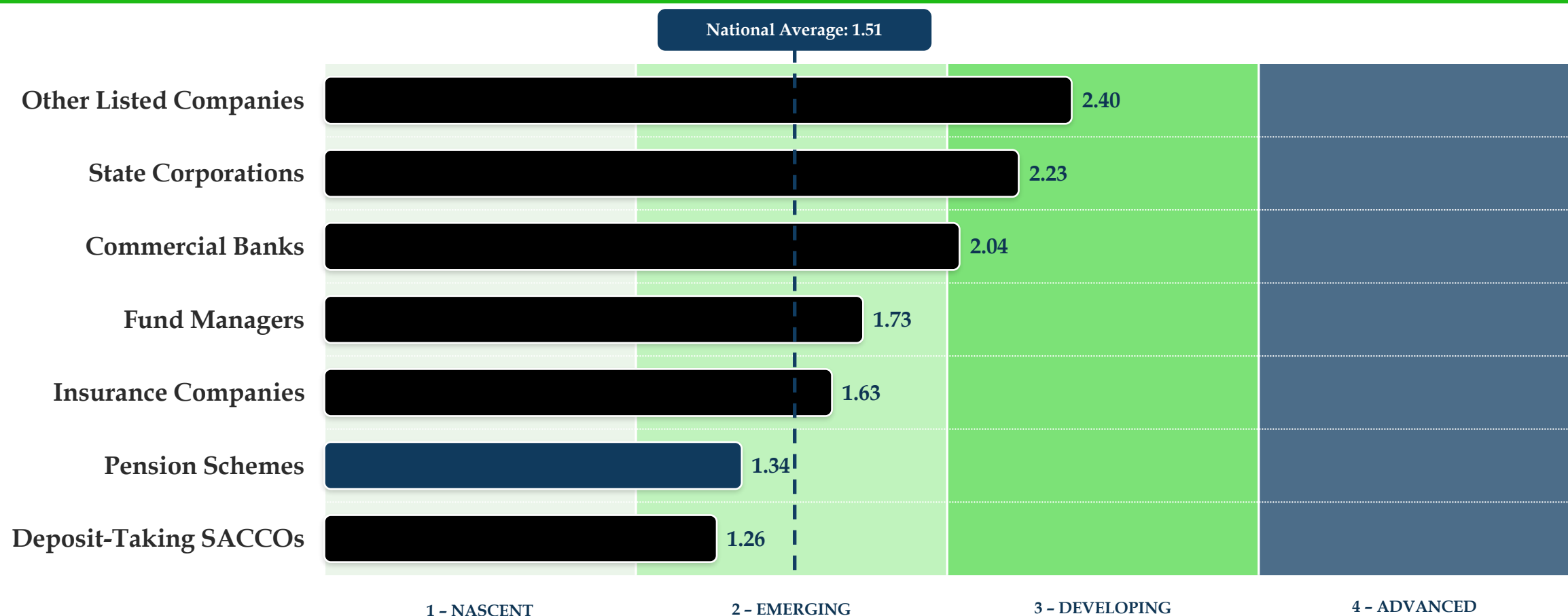
Aggregate ESG data, populate disclosure templates, manage operational ESG matters, and support member communication.

Fund Managers

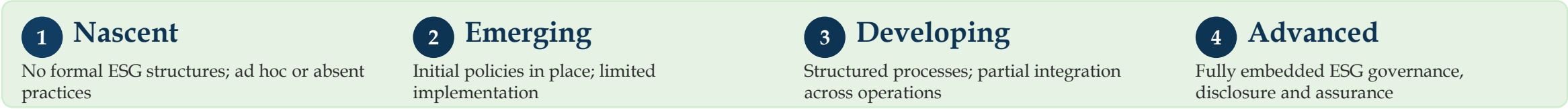
Integrate ESG into investment analysis, exercise stewardship, and supply scheme-specific ESG data (e.g. financed emissions).

Disclosures are submitted as part of the scheme's annual report, plus a supporting Excel/CSV data file to RBA. Each disclosure item carries a verification status — progressing from Internal Management Review towards External Limited/Reasonable Assurance — to build credibility and guard against greenwashing.

ICPAK ESG READINESS ASSESSMENT BY ENTITY CATEGORY



Assessed against a four-point readiness scale





ESG Reporting & Digital Ledgers (Blockchain)



THE PROBLEM Traditional ESG reporting suffers from data discrepancies, weak verification, and greenwashing risk.



THE BLOCKCHAIN PITCH A decentralized, tamper-resistant ledger can guarantee data integrity and, via smart contracts, automate compliance and reporting thus enhancing trust

THREE USE CASES IN PRACTICE



Carbon Credit Registries & Tokenization

World Bank trial on the Chia blockchain tracks emissions-reduction projects, issuing tokens in proportion to verified impact. On-chain retirement (burning the token) creates cryptographic proof a credit has been used, preventing double-counting.

MOST MATURE



Corporate ESG Data & Supply-Chain Verification

Companies are piloting shared ledgers so ESG data can't be altered after the fact and can be traced back to its source across a value chain — offered commercially as blockchain-as-a-service between business partners.

EMERGING



Pension-Sector Identity & Records

The UN used blockchain to overhaul identity verification for the UN Joint Staff Pension Fund — concluding it was the best available technology for confirming beneficiary identity at scale, replacing decades of paper-based processes.

ADJACENT & CONVERGING

Using tamper-resistant ledgers to fix ESG data integrity, verification and greenwashing risk

Thank you