



## Terms of reference

### IFRS S1 & S2 Reporting Template Guide Development

#### 1. About Kenya Bankers Association (KBA)

Kenya Bankers Association (KBA) was registered as an Industry Association on 16th July 1962 by the Registrar of Trade Unions. In its formative years, the main aim of the Association was to cater for the interests of the member banks in negotiating terms and conditions of service of its unionisable employees and as far as possible standardize management practices so as to ensure harmony in the industry.

Over time, the ambition of the Association evolved to include promoting industry development and economic growth by engaging the government and sector regulator, Central Bank of Kenya (CBK). This KBA ambition was reinforced in 2012 when the Association launched its new brand and ambition statement: One Industry. Transforming Kenya.

As the umbrella body of the institutions licensed and regulated by CBK with a current membership of 47 financial institutions, KBA continues to reinforce a reputable and professional banking sector in a bid to best support Kenyans, who entrust their ambitions and hard-earned resources with its member banks.

#### 2. Background

International Sustainability Standards Board (ISSB) was created by Trustees of the IFRS Foundation in 2021) with the mandate of establishing a universal set of sustainability reporting standards to ensure a high quality and comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets. The ISSB is currently enabling businesses, regardless of their geographical location or sector to report their sustainability impacts transparently. To facilitate sustainability reporting, ISSB released IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (IFRS S2: Climate-related Disclosures) in June 2023.

Kenya Bankers Association (KBA) through its Sustainable Finance Initiative (SFI) has been at the forefront in supporting the banking industry in embedding sustainable finance practices in their day-to-day operations and lending practices. This includes promoting transparency and disclosures. To this end, in 2023, KBA together with its SFI Working Group developed

and published a widely adopted Task Force on Climate Related Financial Disclosures (TCFD) reporting template to enhance banks' ability to report to CBK as required through its Guidance on Climate Related Risk Management.

To further adapt to evolving reporting requirements, KBA is now looking to develop an IFRS S1 and S2 Reporting Template. The Template will enable the banking industry and members of the Institute of Certified Public Accountants of Kenya (ICPAK) to have a seamless and harmonized approach of reporting as required by IFRS S1 and S2 Standards. To this end, KBA is seeking a consultancy firm to support KBA and its SFI Working Group to co-develop a reporting template guide for IFRS S1 and S2.

### 3. Scope of the Assignment

The objective of the guide is to ensure a harmonized reporting standard across sectors on IFRS S1 and S2 Standards.

#### Output One: Carryout a Baseline Survey of Gaps in Implementing the IFRS S1 and S2 Standards among member banks and ISPAK Members

The consultant should also carry out a survey to determine the level of adoption and gaps various industry players face in implementing IFRS S1 and S2 Standards. The consultant can leverage on existing disclosure reporting templates, such as KBA's Banks Climate Related Financial Disclosures Template for guidance on the structure.

#### Output Two: Development of an IFRS S1 and S2 Guiding Template

The consultancy firm will spearhead the development of the IFRS S1 and S2 reporting Template. They will further be guided by the KBA Secretariat and KBA SFI Working Group to ensure it is fit for purpose.

#### Output Three: Coordinate Validation Efforts of the Template

After the development of the Template, coordinate two validation sessions on behalf of KBA to the banking industry and ICPAK members who are implementing IFRS S1 and S2 Standards.

### 4. Timelines and Activities

The following are the activities and timelines for the exercise.

| Activity                     | Details   | Role            | Timeline                    |
|------------------------------|---|-----------------|-----------------------------|
| Issue of ToRs                | <ul style="list-style-type: none"> <li>KBA to Issue the ToRs</li> </ul>   | KBA Secretariat | 19 <sup>th</sup> March 2024 |
| Proposal Submission Deadline | <ul style="list-style-type: none"> <li>Firms will have two weeks to respond to the call for proposal</li> </ul>             | Firms           | 28 <sup>th</sup> March 2024 |
| Review of Proposal           | <ul style="list-style-type: none"> <li>KBA to take four-days to Review and call potential firms for an interview</li> </ul> | KBA             | 4 <sup>th</sup> April 2024  |

|  |  |                                   |   |
|--|--|-----------------------------------|---|
| Baseline Survey on Gaps in Implementing the IFRS S1 & S2 Standards | <ul style="list-style-type: none"> <li>Firm to develop and issue a baseline survey with the support of KBA in order to identify gaps in implementing IFRS S1 and S2 Standards</li> </ul> | Selected Firm                     | 8 <sup>th</sup> April to 12 <sup>th</sup> April |
| Development of the Template  | <ul style="list-style-type: none"> <li>IFRS S1 &amp; S2 Template Development</li> </ul>  | Selected Firm                     | 18 <sup>th</sup> April - 24 <sup>th</sup>       |
| Review and Guidance  | <ul style="list-style-type: none"> <li>KBA and its SFI Working Group to Review and provide Guidance</li> </ul>   | KBA Secretariat                   | 24 <sup>th</sup> April – 29 <sup>th</sup> April |
| Three Sensitization Session  | <ul style="list-style-type: none"> <li>Selected firm should carry out two validation sessions</li> </ul>   | Selected Firm and KBA Secretariat | May & June                                      |

## 5. Budget

Proposals should be submitted to cover the costs (In Kes and including applicable taxes) associated with the 3 Key Outputs of this project). The fee proposal should allocate costs based on the 3 Output areas.

## 6. Proposal Submission

Kindly submit the following for consideration.

- Proposal on timeline of activities
- Budget Proposal
- Writing Samples of Similar projects
- Profile of consultant(s) and client references detailing, number of years' experience in Sustainability Reporting and clear demonstration in understanding IFRS S1 and S2 Standard

## Mandatory Requirements

- Over 10 years experience in the Sustainability or Accounting Field
- Developing country financial sector experience
- Financial sector capacity building experience
- Sustainability disclosure experience

Kindly submit your proposals to [sfi@kba.co.ke](mailto:sfi@kba.co.ke) no later than **28<sup>th</sup> March 2024**