



SUSTAINABILITY REPORTING IN SRI LANKA 2023:
Connecting the dots

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About GRI

GRI (Global Reporting Initiative) is the independent, international organisation that helps businesses and other organisations take responsibility for their impacts, by providing them with the global common language to communicate those impacts.

The GRI Secretariat is headquartered in Amsterdam, the Netherlands, and we have a network of seven regional offices to ensure we support organisations and stakeholders worldwide.

As a catalyst for a sustainable world, we work with businesses, investors, policymakers, civil society, labour organisations and other experts to develop the GRI Standards and promote their use by organisations around the world.

Used by more than 10,000 organisations in over 100 countries, the Standards are advancing the practice of sustainability reporting, and enabling organisations and their stakeholders to take action that creates economic, environmental and social benefits for everyone.

As confirmed by 2022 research from KPMG, the GRI Standards remain the most widely used sustainability reporting standards globally.

Foreword



GRI South Asia Network celebrates a decade of promoting and supporting sustainability reporting in the region. During this time, the network has forged strong partnerships across the countries in this region as we worked together for a common cause. We have also witnessed first-hand how the GRI Standards have shaped the sustainability journey of corporates who have challenged themselves to review established business practices and move to more sustainable business models.

GRI South Asia Network has had a fruitful partnership with the Colombo Stock Exchange to promote sustainability reporting in the country and is renewing this partnership with the third edition of Communicating Sustainability to support preparers embarking on their sustainability reporting journeys. We have supported capacity building in the market with workshops over the year and through our presence at conferences of professional accounting bodies throughout the decade of our operations.

This survey of sustainability reporting in Sri Lanka is timely as it allows us to objectively review progress in this country. It is encouraging to see the role played by GRI Standards in the market as the most widely used standard in sustainability reports in Sri Lanka. The multistakeholder approach of the GRI standards is also relevant given the current socioeconomic challenges of the country and its transition to a low carbon economy. The survey has also drawn attention to the sustainability context of the topics where relevant credible information was available.

I take this opportunity to commend the work of the companies that have embarked on their sustainability reporting journeys. I also encourage others to seize the opportunities to strengthen the resilience of their businesses through adoption of holistic reporting standards.

Director, GRI South Asia Network
Dr. Aditi Haldar

Introduction

Sustainability reporting continues to gather momentum in Sri Lanka with corporates voluntarily adopting sustainability reporting standards. Foreign investors and pressure from large customers located in advanced economies provided the necessary impetus for action for some while others adopted it solely as a sound business practice. Additionally, sustainability reporting award competitions organised by professional accounting bodies have also played a critical role in the voluntary adoption of sustainability reporting by corporates. Certifications required by customers supported development of policy frameworks and monitoring systems for environment and social reporting. As a result, many corporates have journeyed beyond compliance to integrate sustainability principles into their operations. Some corporates have also successfully demonstrated the benefits of integrating sustainability to create a competitive advantage through sustainable investment and innovation to improve performance and business resilience within their industry sectors.

GRI Standards have played a key role in the evolution of sustainability reporting providing a blueprint for corporates to commence their sustainability journey. Often used as the primary standard for implementing a holistic sustainability reporting system, the comprehensive topic coverage accompanied by clear definitions for metrics proved invaluable to formulate policies and set up systems and processes for monitoring progress. Many corporates use the GRI topics as the core for a long list to determine materiality as well where sector guidance is not available.

The survey focuses primarily on sustainability reporting in accordance with the GRI Standards by companies listed on the Colombo Stock Exchange for the financial years ending 31st December 2022 and 31st March 2023. It is based on a survey of annual reports submitted to the Colombo Stock Exchange as at 30th September 2023. The results of the survey were reviewed thereafter to identify areas for improvement. The survey also serves as a reference point for measuring progress in this vital area, supporting the development of capital markets in the country.

The subtitle of this report highlights the need to consider the sustainability context of the material topics. The report includes relevant information relating to the country to assist corporates in determining material topics.

Overview of Sustainability Reporting in Sri Lanka

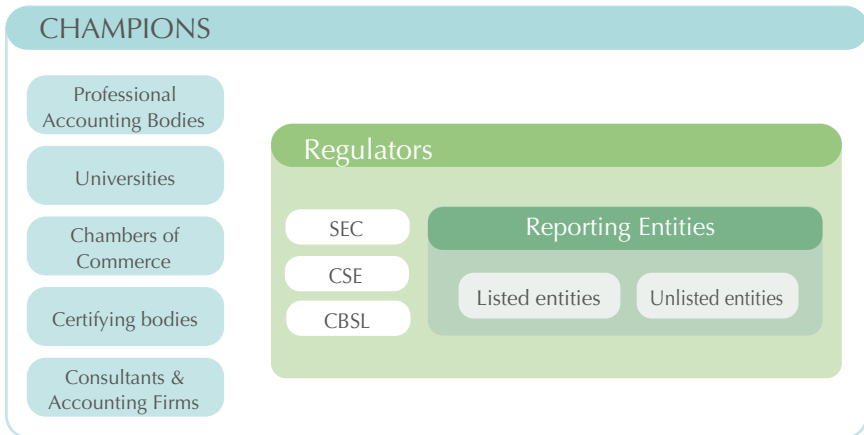
Chambers of commerce and professional accounting bodies championing sustainability reporting through awards programmes that recognise best in class performance have been key to growth in the number of sustainability reports in the country. These institutions also created awareness on the subject through seminars and workshops providing the know-how required to produce reports that have kept pace with the evolution in the sustainability reporting landscape.

It is heartening to note that members of the global accounting firms have also enhanced their services to provide assurance on GRI or other reporting frameworks which is a notable improvement from 2015, supporting the credibility of sustainability reports.

Regulators have also encouraged sustainability reporting in Sri Lanka and the following actions are noteworthy:

1. The Colombo Stock Exchange amended its listing rules to require all listed companies to have an ESG policy on their website in 2023 – Corporate Governance 9.2.1¹
2. The Central Bank of Sri Lanka encourages licensed banks to disclose environment and social impact generated from business activities using internationally recognised frameworks such as the Global Reporting Initiative (GRI) and the recommendations of the Taskforce on Climate-related Financial Disclosures - Direction No.5 of 2022, 8.2²

More regulatory requirements are expected to be announced in the near future with the adoption of the IFRS Sustainability Standards



¹CSE Listing Rules, Section 9 Corporate <https://cdn.cse.lk/pdf/Listing-Rules-Section-9-Corporate-Governance.pdf>

²Banking Act Directions No 5 of 2022.pdf (cbsl.gov.lk)

It is noteworthy that private companies have also commenced preparation of sustainability reports using the GRI standards, mainly due to the increased opportunities perceived in demonstrating the sustainability of their operations using a widely accepted standard. However, these reports are not part of the survey due to perceived challenges in obtaining the reports.

Sri Lankan corporates have been reporting on sustainability using the Guidelines published by the Global Reporting Initiative since 2004. There are 76 reports that claim to use GRI standards of which only 71 have a GRI Content Index, a pre-requisite for a report to be considered as a GRI report, under both the “in accordance” option as well as the “with reference to” option. Consequently, we have used only the GRI reports with a GRI Content Index for further analysis. Increased awareness of the GRI Standards would enable corporates to facilitate preparation of compliant GRI reports.

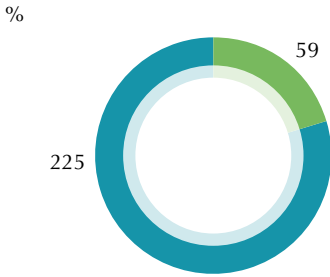
All GRI Reports must have a GRI Content Index

A survey done by SheConsults and Emagewise in 2015 provides a reference point to measure progress.³ The number of reports using the GRI standards has increased during the past 8 years with 10 reports being added, reflecting a slower rate of adoption which maybe attributable to the difficult conditions faced by corporates during the pandemic years and the economic crisis in 2022. The total number of sustainability reports as at 30th September 2023 is 92 with 15 reports using only the Integrated Reporting Framework.

It is worth noting that an increasing number of organisations are now embracing the Integrated Reporting Framework and adapting sustainability reporting to this framework. GRI Guidelines remain as the primary framework for reporting on sustainability and references are made to these guidelines throughout.

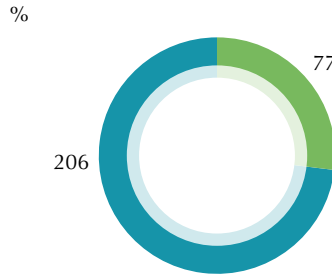
³Sustainability Reporting in Sri Lanka: The Big Picture [Sustainability-Reporting-in-Sri-Lanka.pdf](https://www.she-consults.com/Sustainability-Reporting-in-Sri-Lanka.pdf) ([she-consults.com](https://www.she-consults.com))

ANNUAL REPORTS 2015



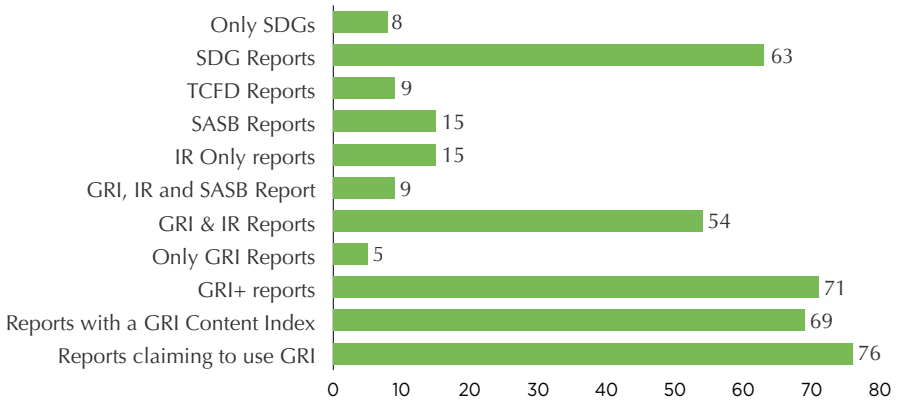
■ GRI Reports
■ Non GRI Reports

ANNUAL REPORTS 2023

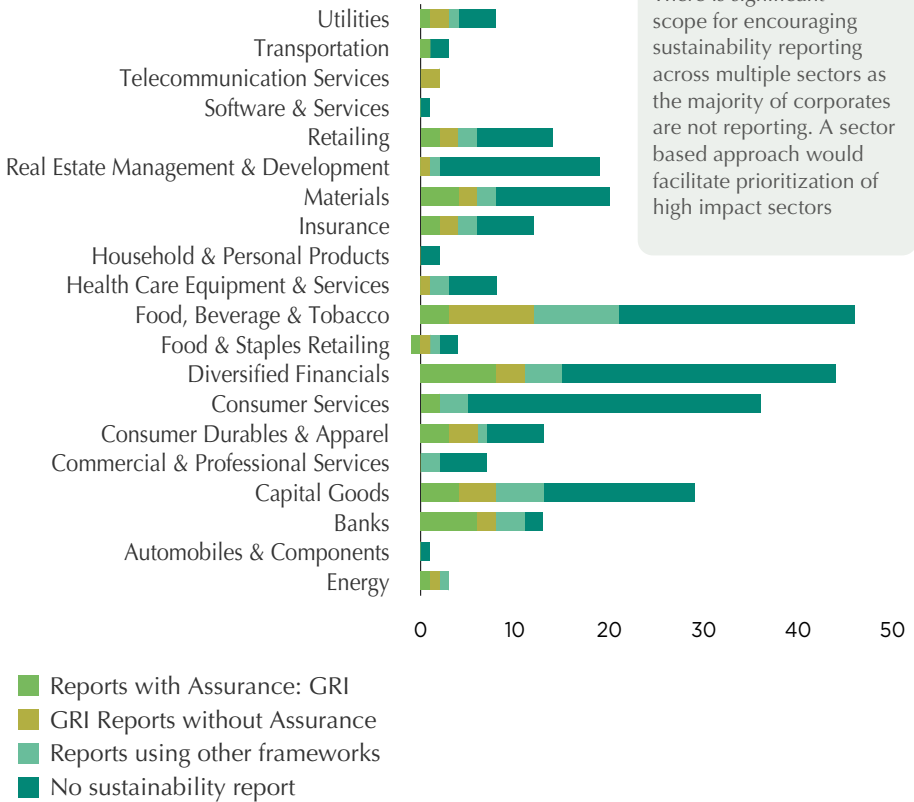


■ GRI Reports
■ Non GRI Reports

USE OF SUSTAINABILITY REPORTING FRAMEWORKS



REPORTING & ASSURANCE



The negative number observed in the above chart is due to assurance being provided for a report that claimed to be in accordance with GRI Standards but did not have a GRI Content Index.

The following sectors do not have any sustainability reports using the GRI Standards and are omitted from further analysis in other sections of this report:

- Automobiles and components
- Household and personal products
- Software and services

Survey Methodology

This survey was undertaken in order to evaluate whether listed companies were correctly identifying and reporting on material aspects to their organisations as this is critical to driving confidence in corporate reporting and development of capital markets.

The survey covers the annual reports of all companies listed in the Colombo Stock Exchange uploaded on to the CSE website as at 30th September 2023. From these, we have reviewed the annual reports for the financial years ending 31st December 2022 and 31st March 2023 by excluding companies that had reports relating previous financial years.

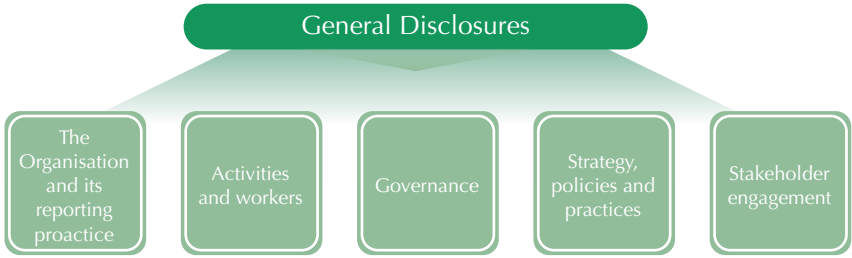
All reports were reviewed to identify whether they had sustainability reports which were in accordance with GRI Standards, <IR> Framework, SASB Standards, TCFD, Sustainable Development Goals (SDGs) or other framework. Reports that were identified as GRI reports were reviewed to determine whether a GRI Content Index was available which is a requirement of the standards and facilitates further review of material topics reported to assess the scope of GRI reporting. Additional sector disclosures were not considered in order to minimize complexity of the project.

The results were tabulated and aggregated at sector level to review relevance of material aspects to each sector. Our findings are presented below together with our suggestions for improvements. Note that only sectors which have reported on required disclosures are used for graphs to maintain clarity.



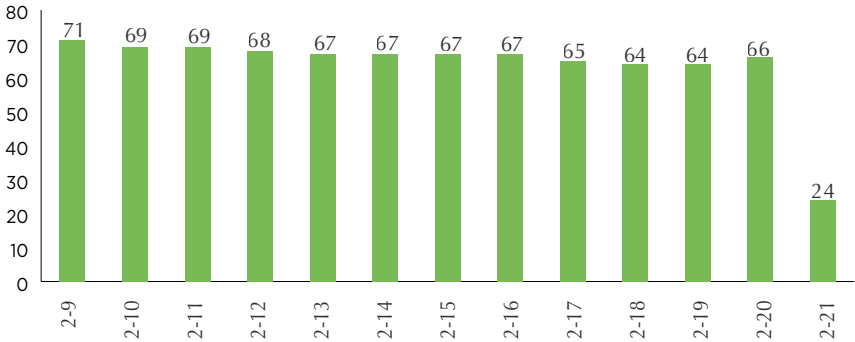
General Disclosures

The GRI Universal Standards 2 sets out the General Disclosures which are categorized as given below. Results of the survey have been analysed according to these categories.

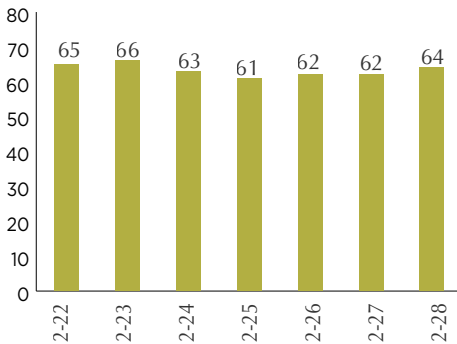


GOVERNANCE AND STRATEGY

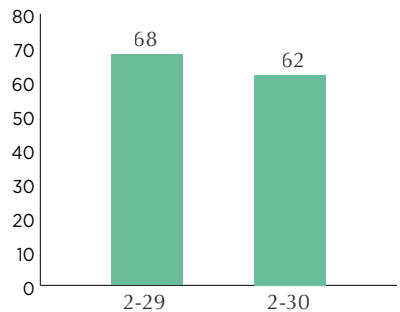
REPORTING ON GOVERNANCE



REPORTING ON POLICIES AND PRACTICES



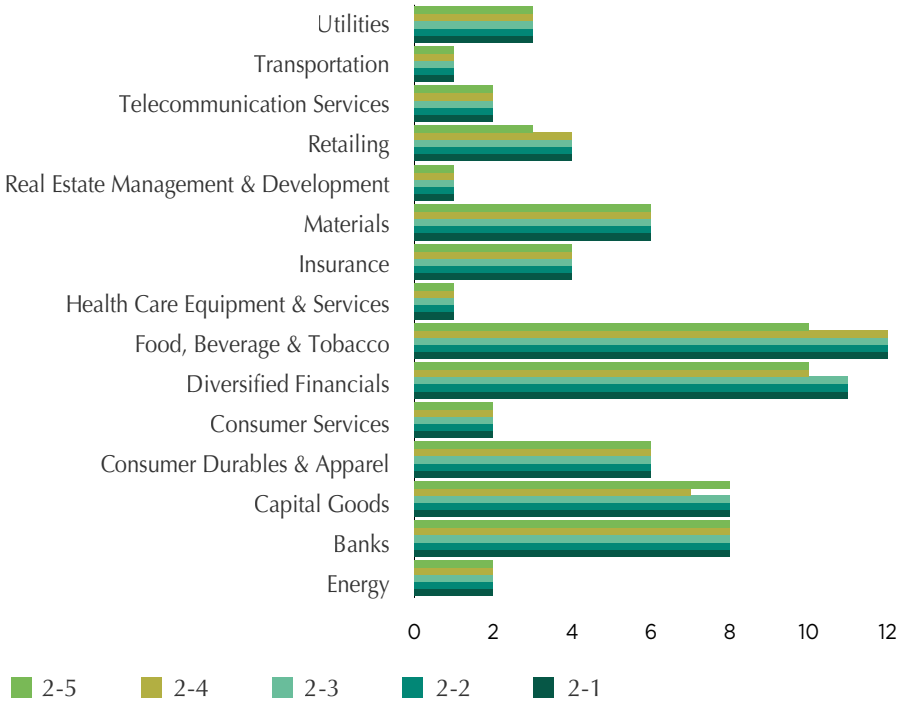
REPORTING ON STAKEHOLDER ENGAGEMENT



The Organisation and its reporting practices

Reporting on these aspects is satisfactory which is expected due to the basic nature of disclosures required with very few exceptions in 2-4: Restatement of information and 2-5: External assurance.

THE ORGANISATION AND ITS REPORTING PRACTICES

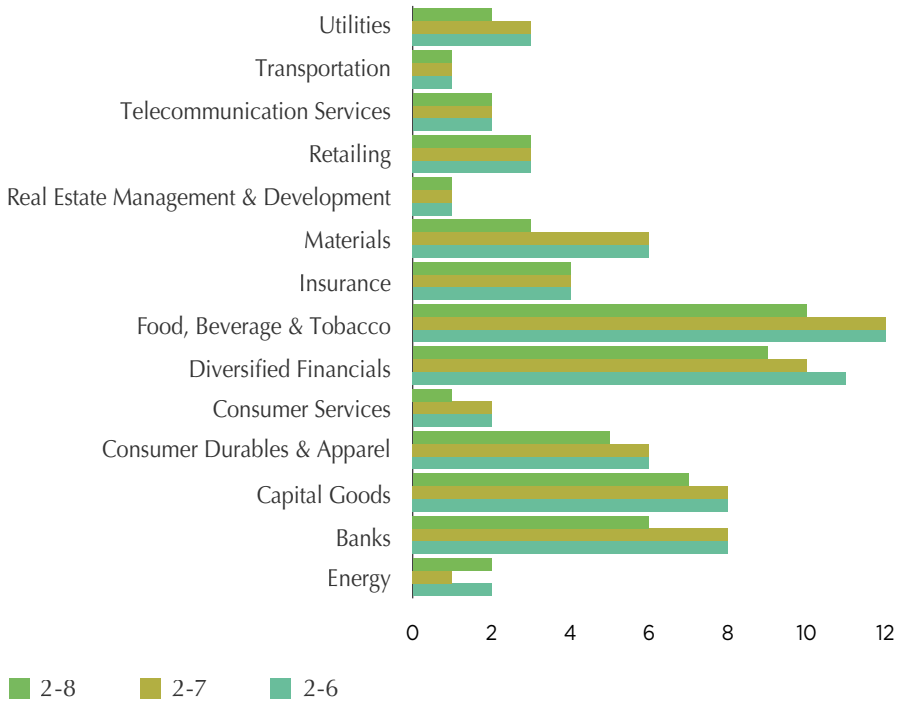


The Organisation and its reporting practices		
Indicator	Description	Reporting (out of 71 GRI reports)
2-1	Organisational details	100%
2-2	Entities included in the organisation’s sustainability reporting	100%
2-3	Reporting period, frequency and contact point	100%
2-4	Restatement of information	97%
2-5	External assurance	94%

Activities and workers

Reporting on 2-6: Activities, Value Chain and other business relationships and 2-7: Employees was satisfactory. However, it was noted that only 57 companies reported on 2-8: Disclosure on workers who are not employees. This trend was seen across almost all sectors. Considering the numbers of outsourced personnel within premises of many establishments (security, janitorial services etc.,) this is an area for improvement particularly for sectors such as Banking and Diversified Financials which typically have a number of branches with security deployed islandwide.

ACTIVITIES AND WORKERS

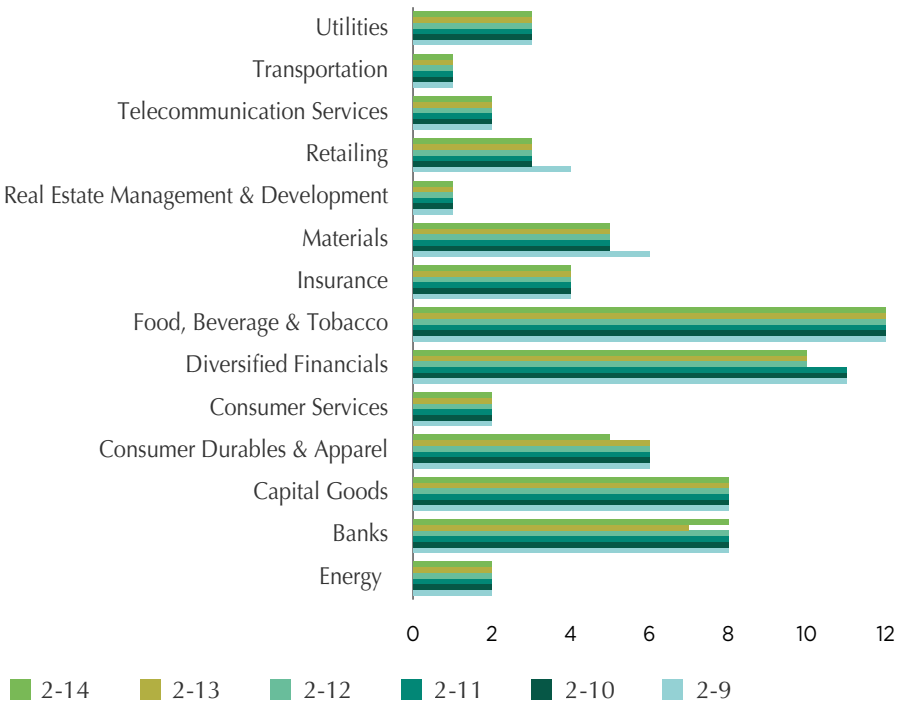


Activities and workers		
Indicator	Description	Reporting (out of 71 GRI reports)
2-6	Activities, value chain and other business relationships	99%
2-7	Employees	96%
2-8	Workers who are not employees	80%

Governance

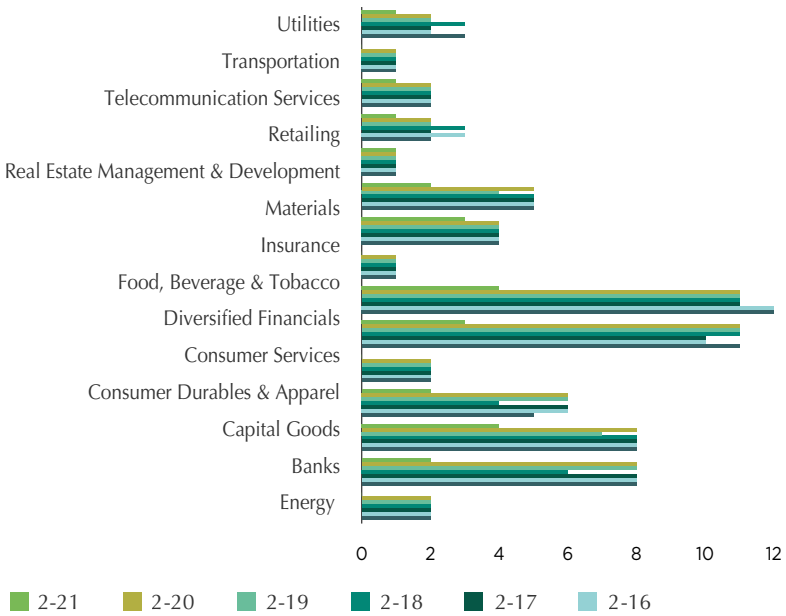
Most entities using GRI standards reported on most governance related disclosures, except for the 2-21: Annual total compensation ratio. Many companies opted not to disclose this citing confidentiality constraints and correctly indicated this in the GRI Content Index. The GRI Content Index in 24 companies indicated that this was disclosed and these were followed up to ensure that the requirement was met given the sensitivity observed. Of these, 23 companies had not disclosed the information required as per the GRI G2 Universal Standard but had referred to other remuneration related information for employees or directors. Consequently, only one company had computed the Annual Total Compensation Ratio.

GOVERNANCE - 1



Governance		
Indicator	Description	Reporting (out of 71 GRI reports)
2-9	Governance structure and composition	100%
2-10	Nomination and selection of the highest governance body	97%
2-11	Chair of the highest governance body	97%
2-12	Role of the highest governance body in overseeing the management of impacts	96%
2-13	Delegation of responsibility for managing impacts	94%
2-14	Role of the highest governance body in sustainability reporting	94%
2-15	Conflicts of interest	94%
2-16	Communication of critical concerns	94%
2-17	Collective knowledge of the highest governance body	92%
2-18	Evaluation of the performance of the highest governance body	90%
2-19	Remuneration policies	90%
2-20	Process to determine remuneration	93%
2-21	Annual total compensation ratio	34%

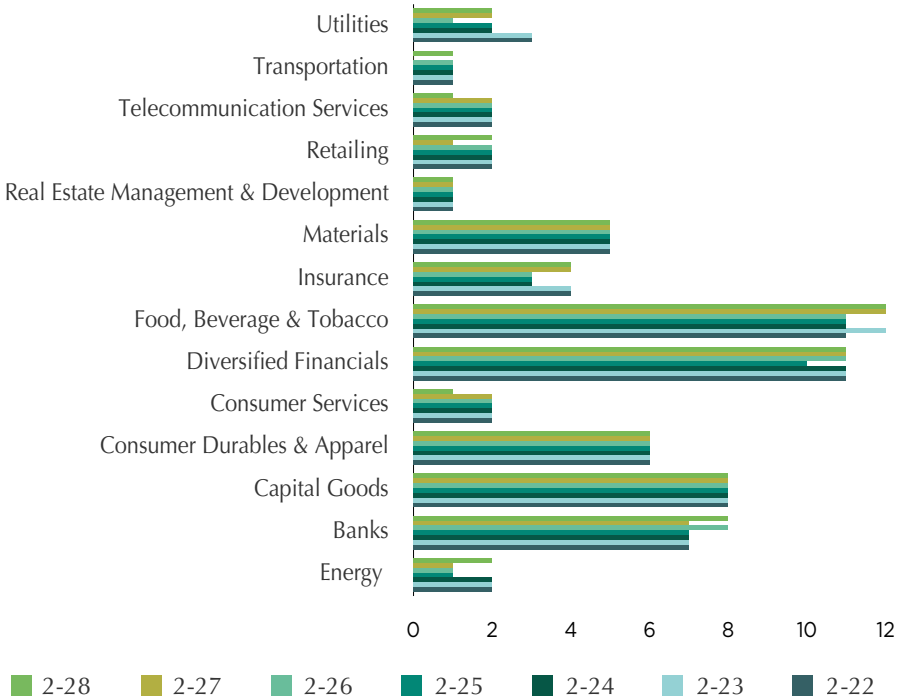
GOVERNANCE - 2



Policies and practices

Reporting on these disclosures were largely satisfactory with over 61 entities reporting on all. Disclosures on 2-25: Processes to remediate negative impacts was the least reported of these. Corporates are encouraged to address these sensitive areas in order strengthen the resilience of the entities.

POLICIES AND PRACTICES

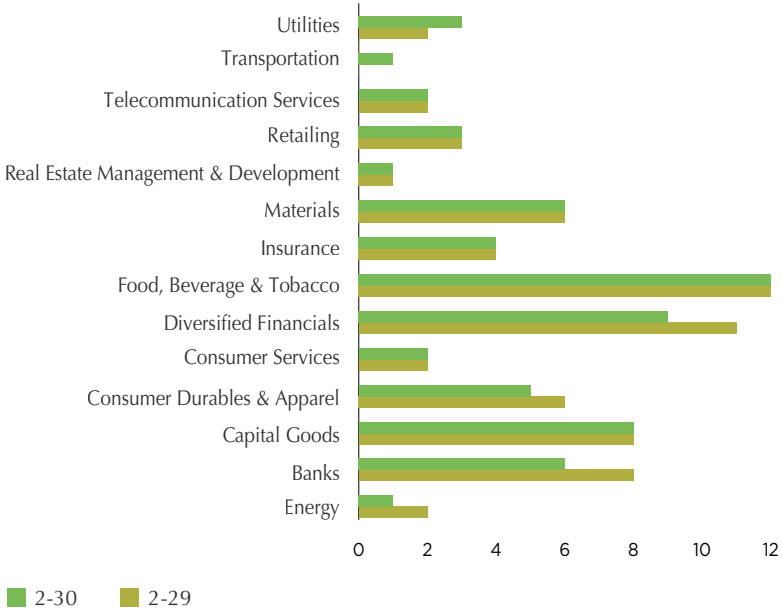


Strategy, policies and practices		
Indicator	Description	Reporting (out of 71 GRI reports)
2-22	Statement on sustainable development strategy	92%
2-23	Policy commitments	93%
2-24	Embedding policy commitments	89%
2-25	Processes to remediate negative impacts	86%
2-26	Mechanisms for seeking advice and raising concerns	87%
2-27	Compliance with laws and regulations	87%
2-28	Membership associations	90%

Stakeholder Engagement

These two disclosures were relatively well reported.

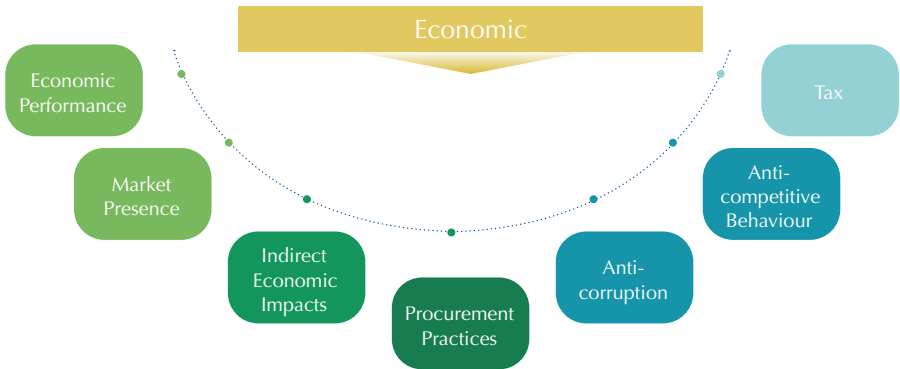
STAKEHOLDER ENGAGEMENT



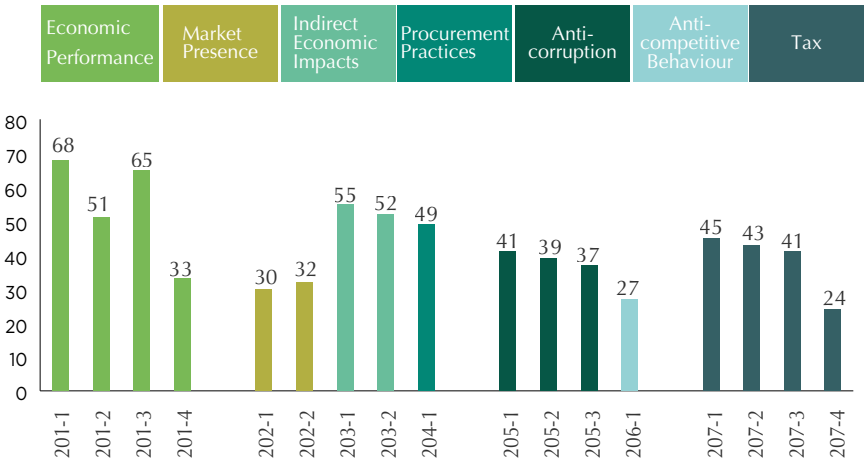
Stakeholder Engagement		
Indicator	Description	Reporting (out of 71 GRI reports)
2-29	Approach to stakeholder engagement	96%
2-30	Collective bargaining agreements	87%

Economic

The GRI Standards have 17 disclosure requirements classified into 7 topics in the Economic category as set out below.



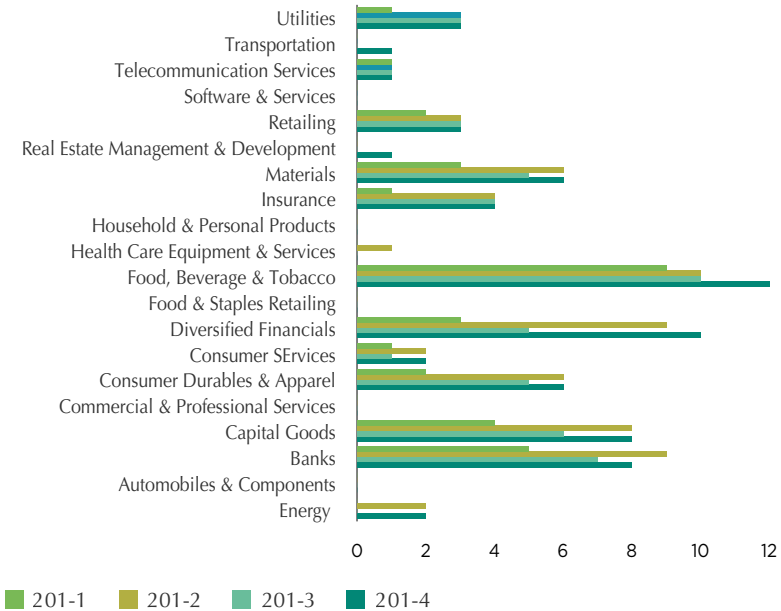
REPORTING ON LABOUR PRACTICES & DECENT WORK



Economic Performance

Only 33 companies reported on 201-4: Financial assistance received from the government which could be attributed to this not being material for many sectors. Although 51 corporates reported on 201-2: Financial implications and other risks and opportunities due to climate change, it is noted that this number should be higher due to its relevance to all sectors and potential impacts of climate change. The absence of reporting in the Energy sector is an example as most companies rely on renewable energy within this sector and climate change plays a key role. Higher levels of awareness of this topic is also necessary for adoption of IFRS Sustainability Standards, particularly IFRS S2: Climate Disclosures.

REPORTING ON ECONOMIC PERFORMANCE

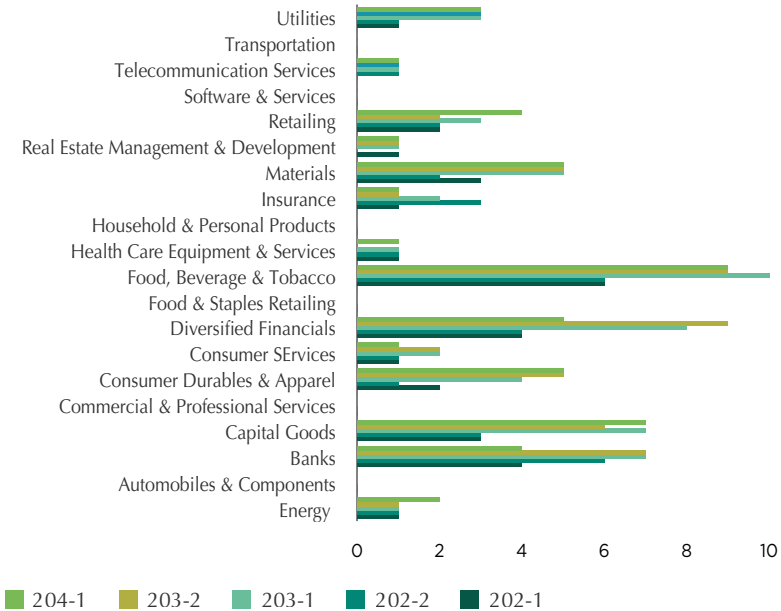


Disclosure Requirements		Reporting (out of 71 GRI reports)	
201-1	Direct Economic Value Generated and Distributed	96%	68
201-2	Financial Implications and other Risks & Opportunities due to climate change	72%	51
201-3	Defined Benefit Plan Obligations and Other Retirement Plans	92%	65
201-4	Financial Assistance received from Government	46%	33

Market Presence, Indirect Economic Impacts and Procurement Practices

For entities identifying the above topics as material, the GRI 3 guidelines provide guidance on 5 indicators that companies could report on, as listed below.

REPORTING ON MARKET PRESENCE, INDIRECT ECONOMIC IMPACTS AND PROCUREMENT PRACTICES



Disclosure	Requirements	Reporting (out of 71 GRI reports)
202-1	Ratios of standard entry level wage by gender	42%
202-2	Proportion of senior management from local community	45%
Indirect Economic Impacts		
203-1	Infrastructure investment and services supported	77%
203-2	Significant indirect economic impacts	73%
Procurement Practices		
204-1	Proportion of spending on local suppliers	69%

Many organisations do not consider market presence a material topic, largely due to the inclusion of 202-2 in the topic standard as most corporates have hired senior management from the country which results in a low level of reporting. However, 202-1 is a key indicator of economic well-being of the workforce, which was critical in 2022 as the country saw inflation increase to 73.7%⁴ as measured by the National Consumer Price Index. According to the Annual Report of the Central Bank of Sri Lanka, wages of the formal private sector employees whose wages are governed by wage boards increased by 9.8%⁴ during the year while real wages declined by 22.7%⁴. Given the developments that took place during the year, it is reasonable to expect that the Market Presence indicator was considered as a material topic as many organisations increased wages in response to the developments.

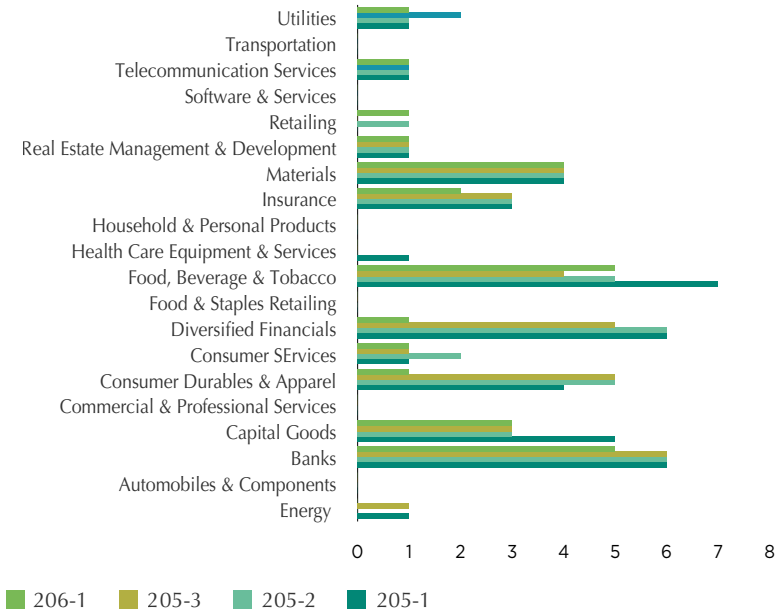
It is also important for companies to consider the proportion of spending on local suppliers given the country's need to manage the trade deficit and the import restrictions in place to encourage local purchasing.

⁴Annual Report 2022, Central Bank of Sri Lanka

Anti-corruption and Anti-competitive Behaviour

The GRI Guidelines include 4 indicators for reporting on anti-corruption and anti-competitive behaviour, if they are identified as material aspects as set out below.

REPORTING ON ANTI-CORRUPTION & ANTI-COMPETITIVE BEHAVIOUR



Disclosure	Requirements	Reporting (out of 71 GRI reports)
Anti-corruption		
205-1	Assessment of operations for risks related to corruption	58%
205-2	Anti-corruption policies, procedures and training	55%
205-3	Incidents of corruption and action taken	52%
Anti-Competitive behaviour		
206-1	Legal actions for anti-competitive behaviour	38%

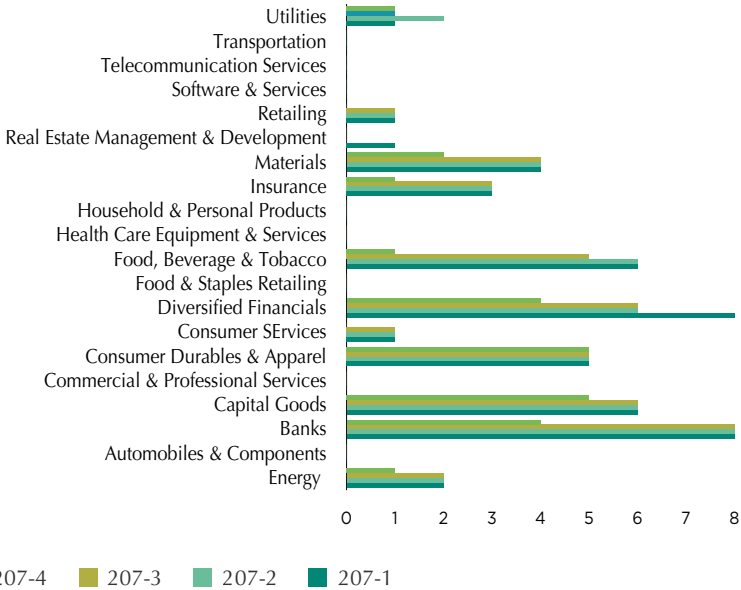
The country's economic challenges are likely to have resulted in lower prioritisation of anti-corruption. However, it is necessary that corporates also consider the country's declining scores and ranking in the Corruption Perceptions Index compiled by Transparency International when determining material matters, as Sri Lanka ranked at 101 out of 180 countries scoring 36 out of 100.⁵ It is likely to be of importance to corporates with significant overseas stakeholders.

⁵2022 Corruption Perceptions Index [Report CPI2022 English.pdf \(transparencycdn.org\)](https://www.transparency.org/en/cpi/2022)

Tax

The GRI 3 guidelines encourage reporting entities to be guided by the following indicators in relation disclosures pertaining to tax:

REPORTING ON TAX

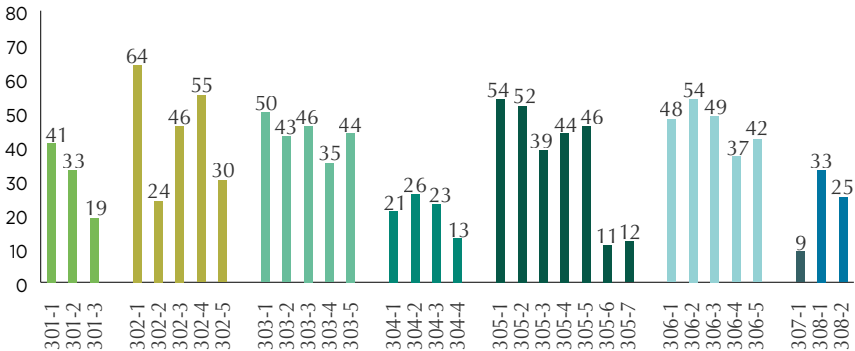
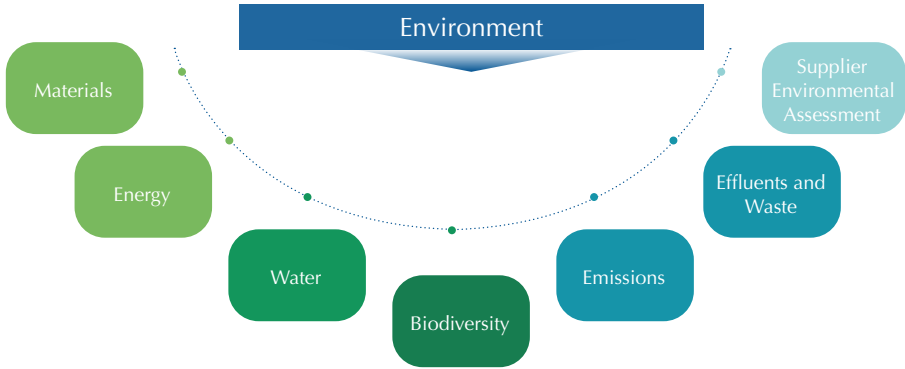


Disclosure Requirements		Reporting (out of 71 GRI reports)
207-1	Approach to tax	63%
207-2	Tax governance, control and risk management	61%
207-3	Stakeholder engagement and concerns related to tax	58%
207-4	Country by country reporting	34%

Organisational context should have exerted pressure to make Tax a material topic for many corporates given the increase in tax rates during the financial year under review. This calls into question the rationale for the relatively low level of reporting on tax observed for 207 -1, 207-2 and 207-3, particularly as the quantitative information would be available in the financial statements. It could point to the separation of sustainability risks from the enterprise risk management process which weakens the overall assessment of material topics. The low level of reporting on 207-4 could be attributed to operations currently being confined to Sri Lanka.

Environment

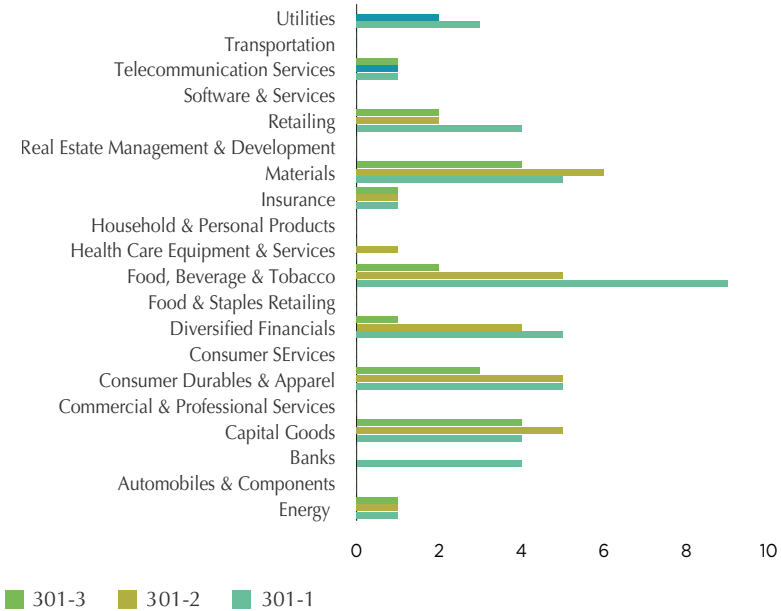
The GRI Standards have 32 disclosure requirements classified into 8 topics in the Environment category as set out below.



Materials

There has been significant progress in reporting on this since the previous survey in 2015 with a substantial increase in the number of companies reporting on 301-1 and 301-2 as given below.

REPORTING ON MATERIALS



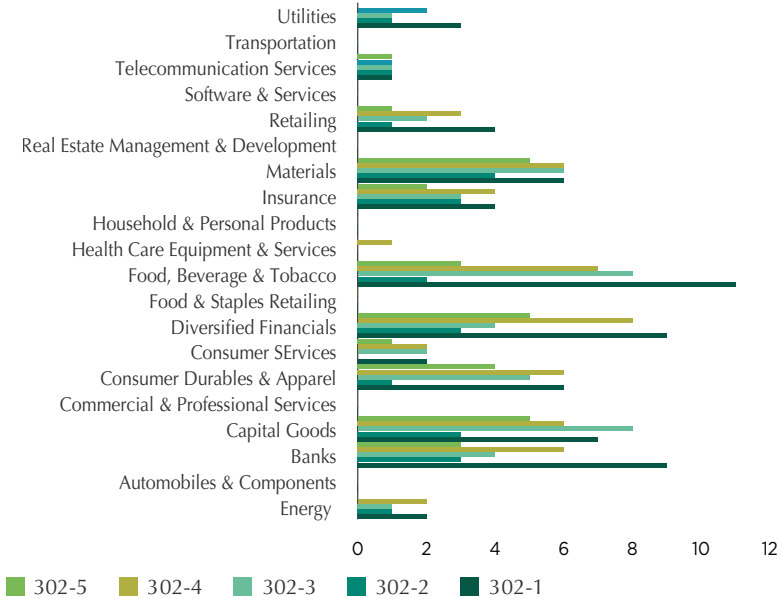
Disclosure Requirements		Reporting (out of 71 GRI reports)		2015	Increase
301-1	Materials used by weight or volume	58%	41	17	141%
301-2	Recycled input materials used	46%	33	5	660%
301-3	Reclaimed products and their packaging materials	27%	19	-	

Despite the progress, it is necessary to encourage more corporates to report on these key metrics to understand and manage their dependence on natural resources and their availability. The potential upside from improved management of materials is a critical factor that organisations must consider, as it drives sustainable product and process innovation, supporting both top line and bottom-line growth.

Energy

Energy is a material topic for corporates in Sri Lanka as the country experienced an energy crisis during 2022 with planned power outages for over 10 hours. Additionally, energy costs increased significantly with petrol, auto diesel and electricity tariffs increasing by 109%, 247% and 75% in 2022 respectively.⁶

REPORTING ON ENERGY



Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase
302-1	Energy consumption within the organization	90%	64	37	73%
302-2	Energy consumption outside the organization	34%	24	7	243%
302-3	Energy intensity	65%	46	17	171%
302-4	Reduction of energy consumption	77%	55	30	83%
302-5	Reductions in energy requirements of products and services	42%	30	10	300%

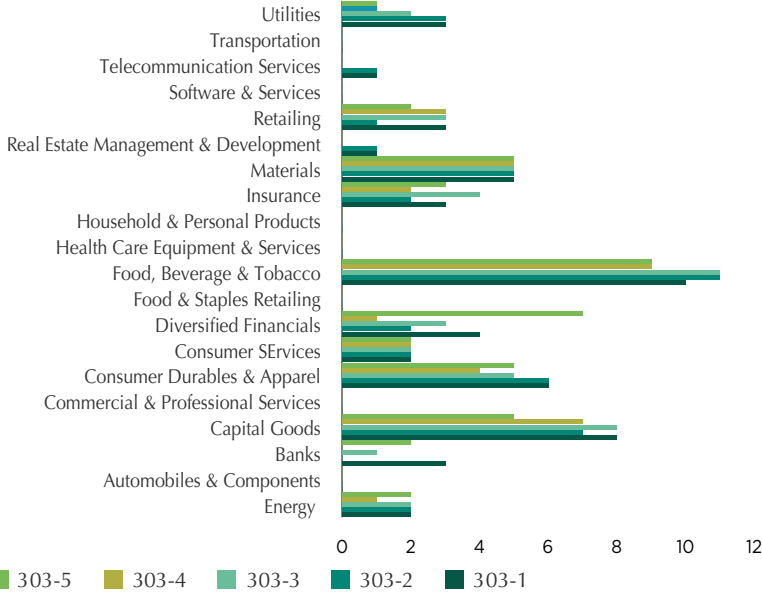
Considering the developments in this topic during the year, the low numbers in reporting on 302-2 to 302-5 is a concern. Corporates stand to gain significantly by formulating comprehensive energy strategies as the country moves towards a low-carbon economy.

⁶ Annual Report 2022, Central Bank of Sri Lanka [8 Chapter 04.pdf \(cbsl.gov.lk\)](#)

Water

Sri Lanka is ranked at #19 for water stress with 90.79%⁷ measured as the level of freshwater withdrawals as a proportion of available freshwater resources. Consequently, it is a material topic for sectors that use water in their manufacturing, cooling and other processes.

REPORTING ON WATER



Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase
303-1	Interactions with water as a shared resource	70%	50	*	-
303-2	Management of water discharge-related impacts	61%	43	*	-
303-3	Water withdrawal	65%	46	31	48%
303-4	Water discharge	49%	35	*	-
303-5	Water consumption	62%	44	*	-

*Not required under GRI G4 Guidelines.

When reporting on 303-3, corporates with facilities in Sri Lanka should be reporting on water stress, as Sri Lanka is a water stressed country. Attention is also drawn to the Tables provided in the standard to support better reporting.

⁷Level of water stress: freshwater withdrawal as a proportion of available freshwater resources - Sri Lanka | Data (worldbank.org)

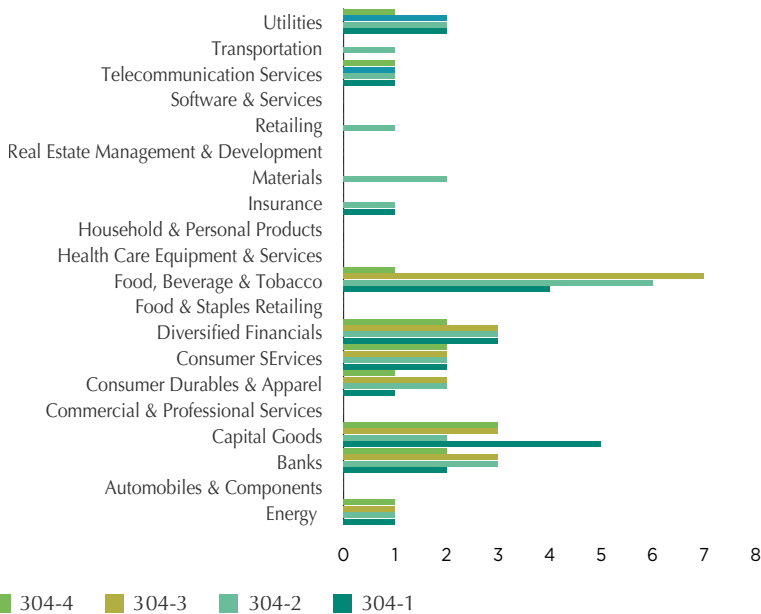
Biodiversity

Sri Lanka is one of 36 identified biodiversity hotspots identified by Conservation International using strict criteria:

- Contain at least 1,500 species of vascular plants found nowhere else on Earth (known as “endemic” species).
- Have lost at least 70 percent of its primary native vegetation

CSE has at least 19 Plantation companies in the Food, Beverage and Tobacco sector and 36 companies in the Consumer Services sector which comprises hotels. However, only 7 entities in the former and 2 entities in the latter sector report on this topic. Entities in these two sectors not only have a high impact on biodiversity but also stand to gain significantly from monitoring and managing this topic.

REPORTING ON BIODIVERSITY



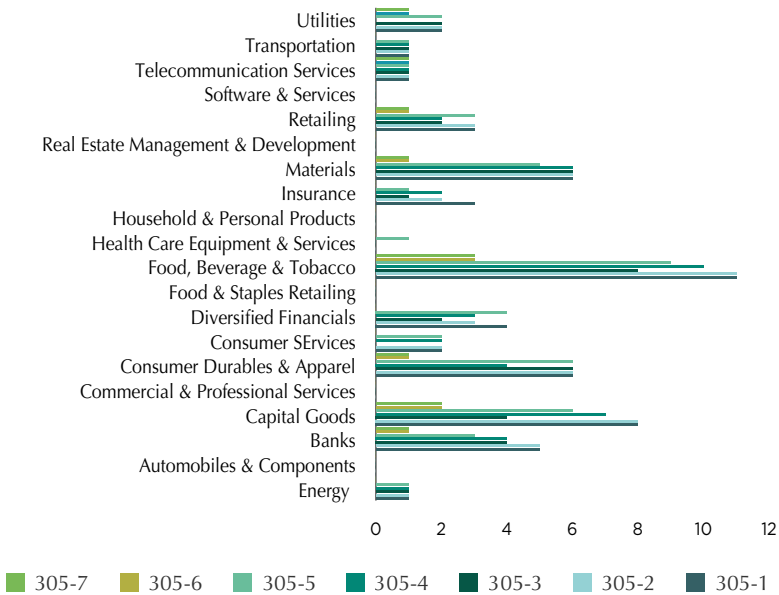
Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	30%	21	16	31%
304-2	Significant impacts of activities, products, and services on biodiversity	37%	26	7	271%
304-3	Habitats protected or restored	32%	23	5	360%
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	18%	13	5	160%

Emissions

Sri Lanka was ranked 46 out of 131 countries for the worst air quality in 2022 by IQAir and the average PM 2.5 concentration was 4.1 times the World Health Organisation guideline air quality value.⁸ Compliance with these disclosures also indicate readiness of the market for IFRS Sustainability Standards as these metrics are included in the IFRS S2: Climate Disclosures standard. Given these considerations, the level of reporting is low with a maximum of 54 corporates ready to report Scope 1 emissions. Given the focus of the world and the country to move to a low carbon economy, more corporates are encouraged to treat this as a material topic and manage its impacts by reporting on these metrics.

[8Sri Lanka Air Quality Index \(AQI\) and Air Pollution information | IQAir](#)

REPORTING ON EMISSIONS

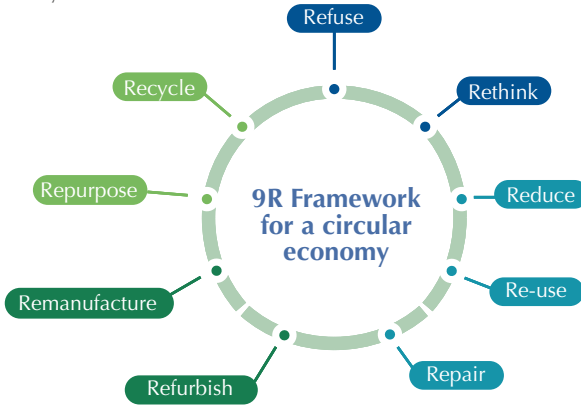


Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase Vs 2015
305-1	Direct (Scope 1) GHG Emissions	76%	54	22	145%
305-2	Energy indirect (Scope 2) GHG Emissions	73%	52	21	148%
305-3	Energy indirect (Scope 3) GHG Emissions	55%	39	13	200%
305-4	GHG Emissions intensity	62%	44	16	175%
305-5	Reduction of GHG emissions	65%	46	22	109%
305-6	Emissions of ozone-depleting substances	15%	11	7	57%
305-7	Nitrogen oxides (NOX) sulfur oxides (SOX, and other significant air emissions	17%	12	7	71%

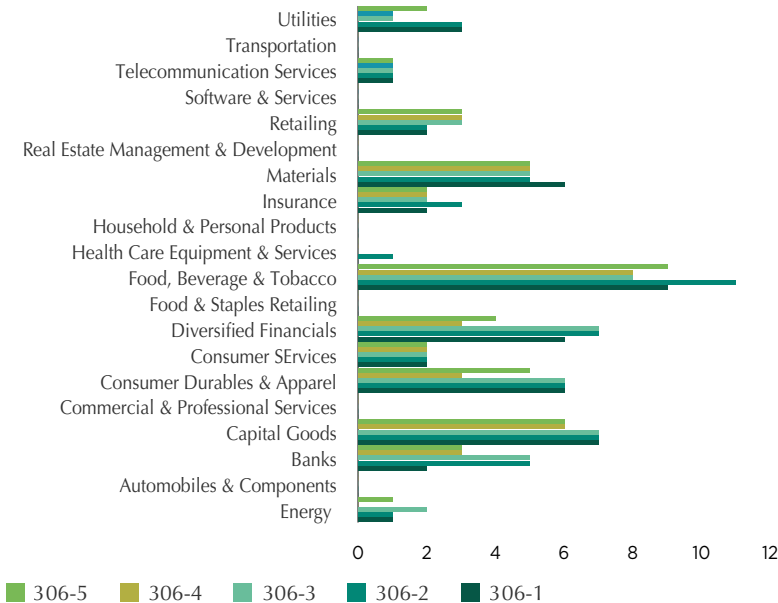
Capacity building in compiling, managing and auditing these metrics is key to achieving regular and broad-based reporting among corporates.

Waste

Waste and effluent management are national challenges with a waste collection rate of 27% out of which 85% is disposed through open dumping.⁹ Only 5% of collected waste is recycled indicating significant upside potential for recycling. Given the scale of the challenge, more corporates must be encouraged to consider reporting on these metrics with a view to institutionalising the 9Rs framework of a circular economy.



REPORTING ON WASTE AND EFFLUENTS



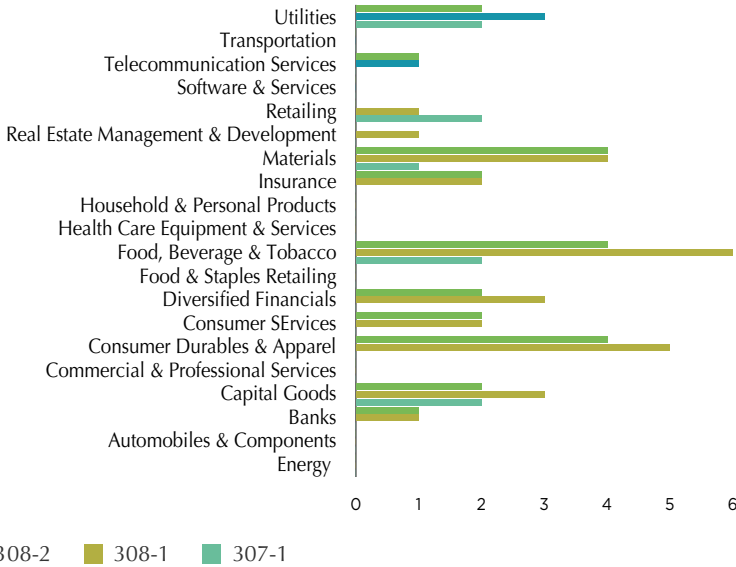
⁹ [unh-sri_lanka-country-report-2023.final_revised.pdf \(unhabitat.org\)](#)

Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase Vs 2015
306-1	Waste generation and significant waste-related impacts	68%	48	Not considered as the metrics are not comparable	
306-2	Management of waste-related impacts	76%	54		
306-3	Waste generated	69%	49		
306-4	Waste diverted from disposal	52%	37		
306-5	Waste directed to disposal	59%	42		

Compliance & Supplier Environmental Assessment

These two topics have been analysed together for conciseness. Considering the scale of the environmental challenges set out in other topics, all corporates should be encouraged to invest in assessing environmental practices of their suppliers driving efficiencies in the upstream activities of the value chain. Reducing the environmental impact is a compelling value proposition to boost the bottom line through reduced consumption and elimination of waste

REPORTING ON SUPPLIER ENVIRONMENTAL ASSESSMENT & ENVIORNENTAL GRIEVANCE MECHANISMS



Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase Vs 2015
Compliance				Metrics are not comparable with 2015	
307-1	Non-compliance with environmental laws and regulations	13%	9		
Supplier environmental assessment					
308-1	New suppliers that were screened using environmental criteria	46%	33		
308-2	Negative environmental impacts in the supply chain and actions taken	35%	25		

Social

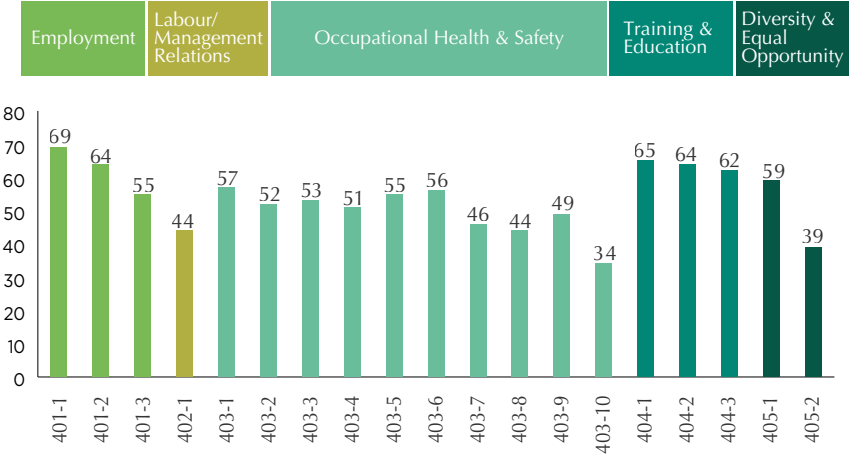
This social topics have been arranged into the following categories for presentation purposes



Labour Practices & Decent Work

100% Reporting on at least one aspect of Labour Practices & Decent Work reflects the relevance of this topic to corporate. It is also encouraging to note the increase compared to 73% recorded in 2015. Key observations from the survey are noted alongside the relevant graphs.

REPORTING ON LABOUR PRACTICES & DECENT WORK



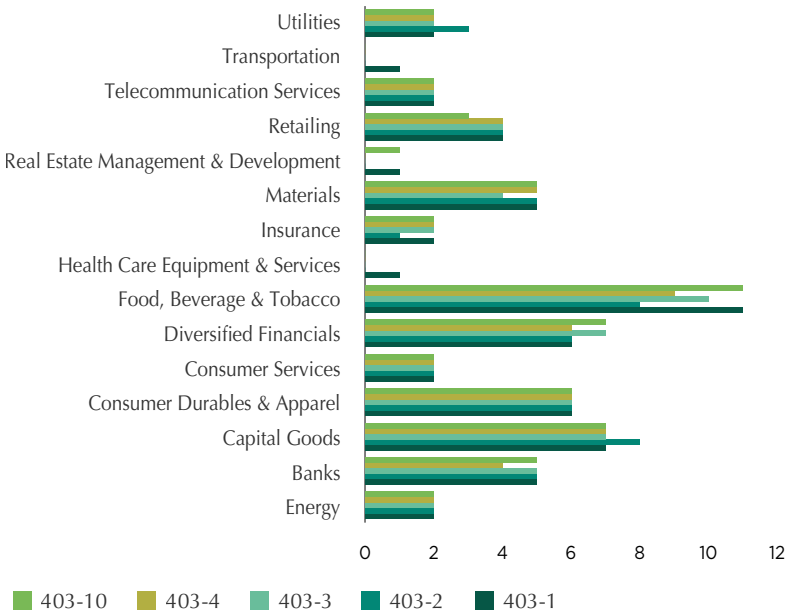
Disclosure Requirements		Reporting (out of 71 GRI reports)	No. in 2015	Increase Vs 2015	
Employment					
401-1	New employee hires and employee turnover	97%	69	42	64%
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90%	64	33	94%
401-3	Parental leave	77%	55	17	224%
Labour/Management Relations					
402-1	Minimum notice periods regarding operational changes	62%	44	36	22%
Occupational Health & Safety					
403-1	Occupational health and safety management system	80%	57	-	
403-2	Hazard identification, risk assessment, and incident investigation	73%	52	-	

Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase Vs 2015
Employment					
403-3	Occupational health services	75%	53	-	
403-4	Worker participation, consultation, and communication on occupational health and safety	72%	51	-	
403-5	Worker training on occupational health and safety	77%	55	-	
403-6	Promotion of worker health	79%	56	-	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65%	46	-	
403-8	Workers covered by an occupational health and safety management system	62%	44	-	
403-9	Work-related injuries	69%	49	-	
403-10	Work-related ill health	48%	34	-	
Training & Education					
404-1	Average hours of training per year per employee	92%	65	43	51%
404-2	Programs for upgrading employee skills and transition assistance programs	90%	64	36	78%
404-3	Percentage of employees receiving regular performance and career development reviews	87%	62	29	114%
Diversity & Equal Opportunity					
405-1	Diversity of governance bodies and employees	83%	59	12	392%
405-2	Ratio of basic salary and remuneration of women to men	55%	39	28	39%

Employment and Labour Management Relations

Sri Lanka has a female labour force participation rate of 32.1% and parental leave is key to improving this key metric. While 77% of GRI reports have identified parental leave as a material topic, there is further progress needed in this area. The reporting practices also raised concerns on selection of material matters. One GRI report recorded significant changes in policy to introduce parental leave well beyond legal requirements but failed to identify parental leave as a material topic in the GRI Content Index and also has not provided metrics or targets.

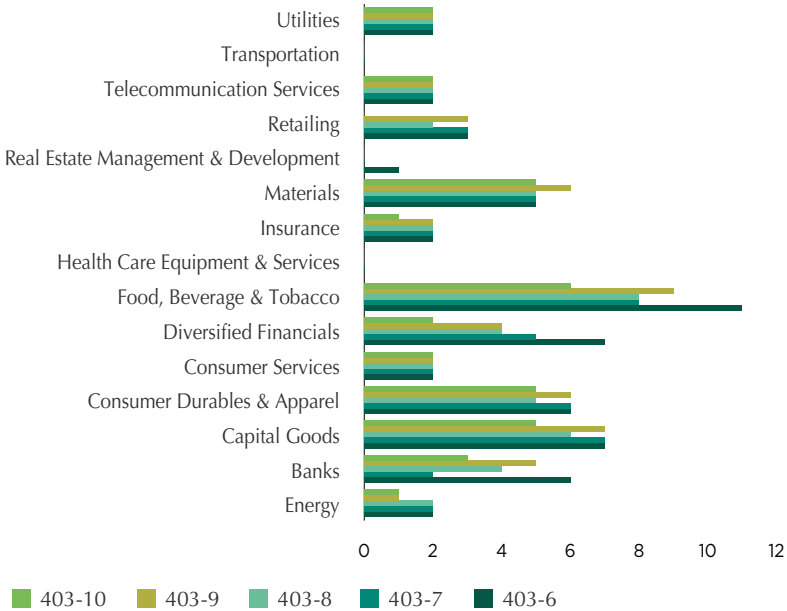
REPORTING ON HEALTH & SAFETY #1



Occupational Health & Safety

Reporting on Occupational Health & Safety has significantly improved with all companies with the GRI Index reporting at least one aspect. Out of the companies reporting on OHS, majority are from the Food, Beverage & Tobacco, capital goods, consumer durables, materials etc. for which this is likely to be a material topic.

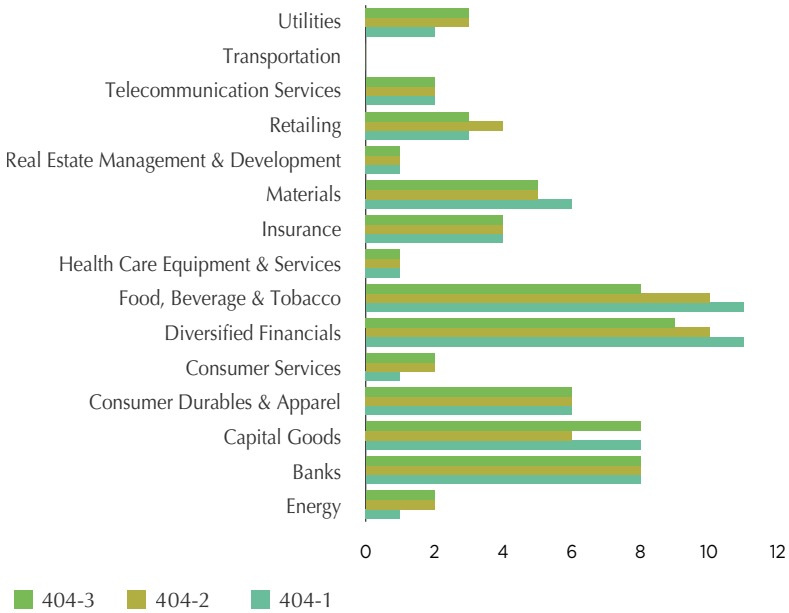
REPORTING ON HEALTH & SAFETY #2



Training & Education

Reporting on training and education is also encouraging with many corporates considering this as a material topic.

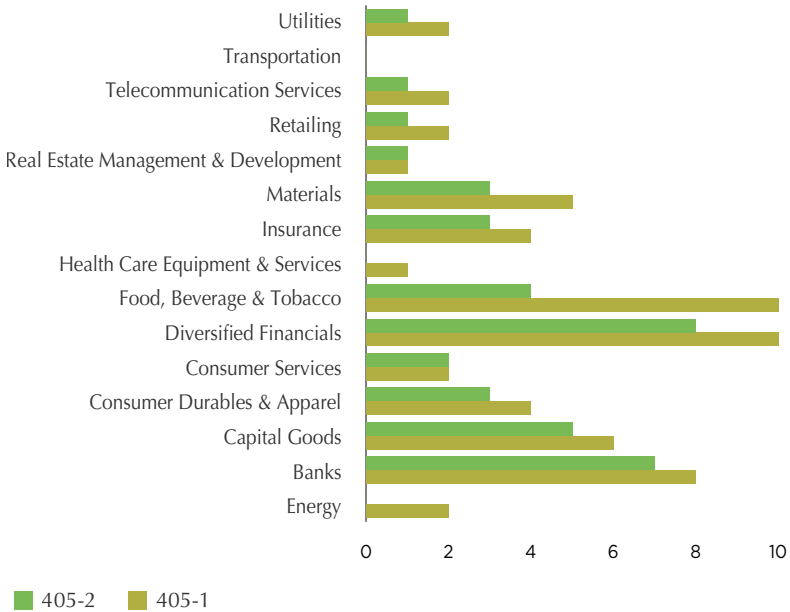
REPORTING ON TRAINING & EDUCATION



Diversity & Equal Opportunity

While there are 59 corporates reporting on 405-1: Diversity of governance bodies and employees, it is noticeable that the number reporting on 405-2: Ratio of basic salary and remuneration of women to men, is noticeably much lower at just 39. This is a clear example of a need to dig deeper on a topic that is material and where the solutions are just beginning to be addressed. It is a concern that the gender pay gap information is not readily available as it should be a core requirement of any organization that is trying to address the topic in a meaningful manner.

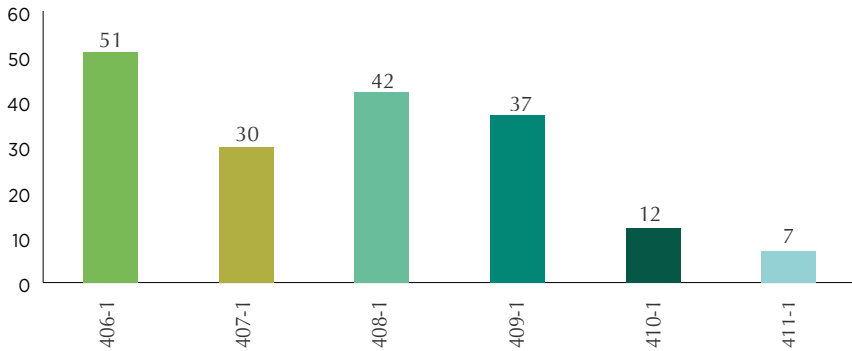
REPORTING ON DIVERSITY & EQUAL OPPORTUNITY AND EQUAL REMUNERATION FOR MEN & WOMEN



Human Rights

Reporting on 406-1 is relatively high with 72% of reporting entities selecting this as a material topic. There is a noticeable increase in reporting on human rights but for many corporates, this has not been a material topic as many of these are hygiene factors. Careful screening processes are also in place to ensure that there is no negative impact on the reputation of the corporates. Efforts made in the Plantation companies (within the Food, Beverage and Tobacco sector) (within the to change organization cultures in fields to establish dignity of labour in a historically beleaguered industry are commendable with leading corporates obtaining international certification in this regard.

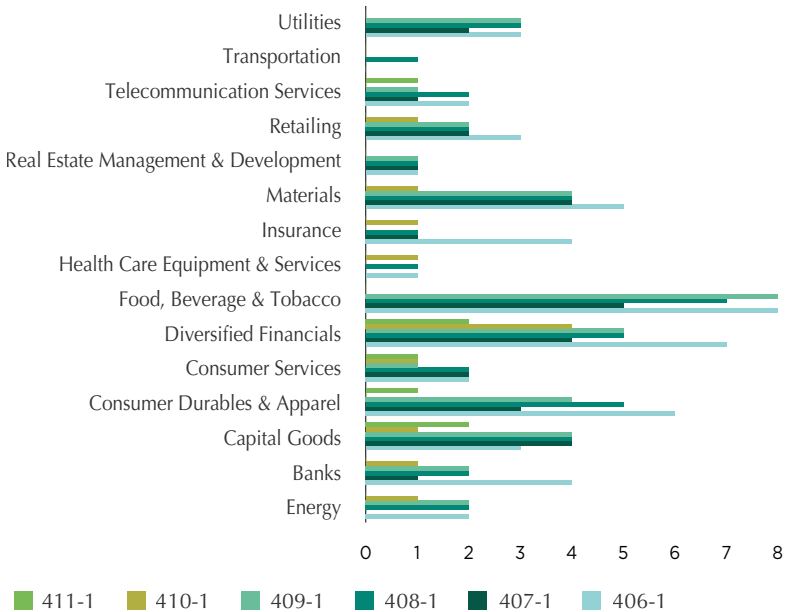
REPORTING ON HUMAN RIGHTS



Disclosure		Reporting (out of 71 GRI reports)		No. in 2015	Increase Vs 2015
Non-discrimination					
406-1	Incidents of discrimination and corrective actions taken	72%	51	28	82%
Freedom of Association and Collective Bargaining					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	42%	30	13	131%
Child Labor					
408-1	Operations and suppliers at significant risk for incidents of child labor	59%	42	27	167%
Forced or Compulsory Labour					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	52%	37	27	37%

Disclosure		Reporting (out of 71 GRI reports)		No. in 2015	Increase Vs 2015
Security Practices					
410-1	Security personnel trained in human rights policies or procedures	17%	12	12	100%
Rights of Indigenous People					
411-1	Incidents of violations involving rights of indigenous peoples	10%	7	5	40%

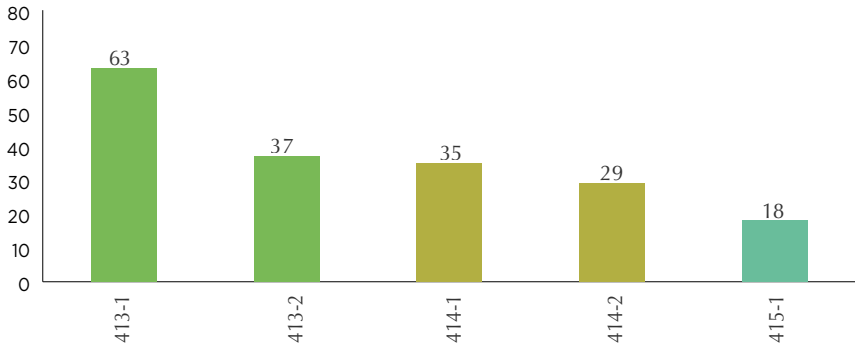
REPORTING ON HUMAN RIGHTS



Local Communities

With 62 entities reporting on 413-1 there appears to be significant acceptance of Local Communities and Compliance as material aspects to organizations which is encouraging while in comparison to the report published in 2015, the rate of reporting has almost doubled with only 33 entities reporting on this aspect. However, relatively low levels of reporting across other aspects such as Supplier Assessment for Impacts on Society and Public Policy which are more relevant across many sectors raises concerns regarding the processes adopted for determining material aspects.

REPORTING ON LOCAL COMMUNITIES



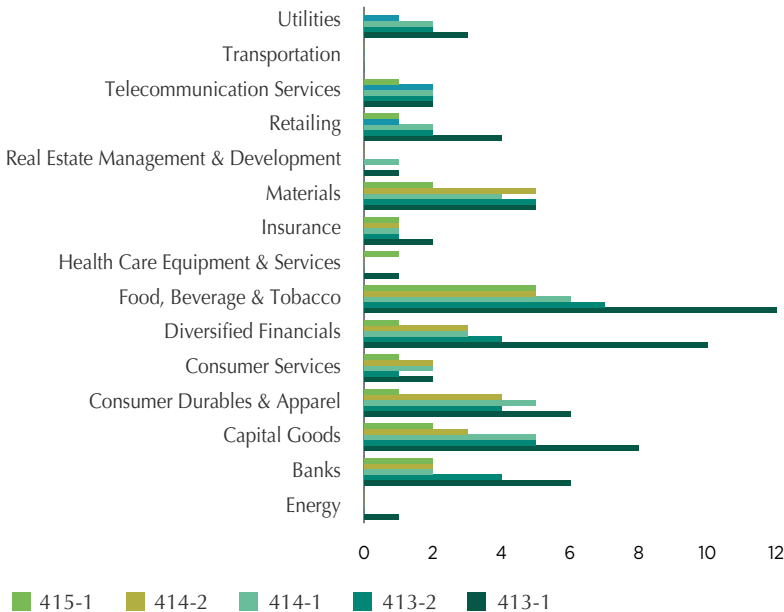
Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase
Local Communities					
413-1	Operations with local community engagement, impact assessments and development programs	89%	63	34	85%
413-2	Operations with significant actual and potential negative impacts on local communities	52%	37	18	105%
Supplier Social Assessment					
414-1	New suppliers that were screened using social criteria	49%	35	12	192%
414-2	Negative social impacts in the supply chain and actions taken	40%	29	6	383%
Public policy					
415-1	Political contributions	25%	18	12	50%

Product Responsibility

All entities following the GRI Index have reported on at least one aspect of product responsibility, product service and labelling aspects compared to the results of 2015 where product responsibility aspects and product service and labelling aspects reporting was not widely prevalent or was not referenced in the GRI Index of most reports except for the areas on compliance. The majority of the companies have reported mainly on 417-1 & 417-2 on marketing and labelling compliance. Sector wise highest reporting is recorded from the food, beverage & tobacco sector, Banks, Diversified financials, Materials & consumer durables.

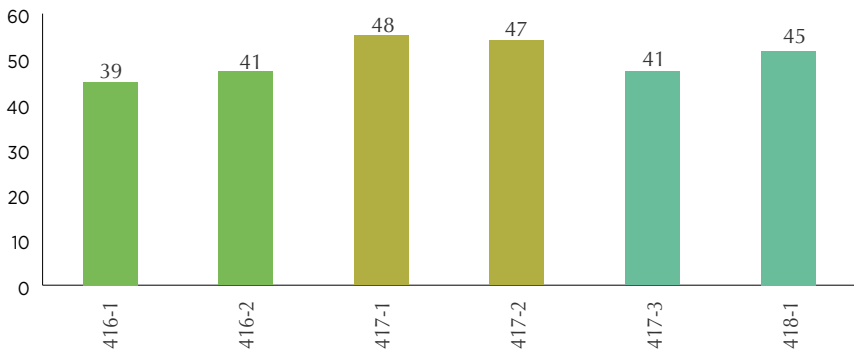
However, the absence of reporting on GRI standards by the Household & Personal products, Food & Staples Retailing sectors reflects poorly on the credibility of reporting within these sectors for which Product Responsibility must be considered material in the absence of evidence to the contrary. It underscores the urgent need to encourage these sectors to adopt a holistic approach to balanced narrative reporting which will strengthen the organisations ability to deliver sustained value in the long term.

REPORTING ON LOCAL COMMUNITIES

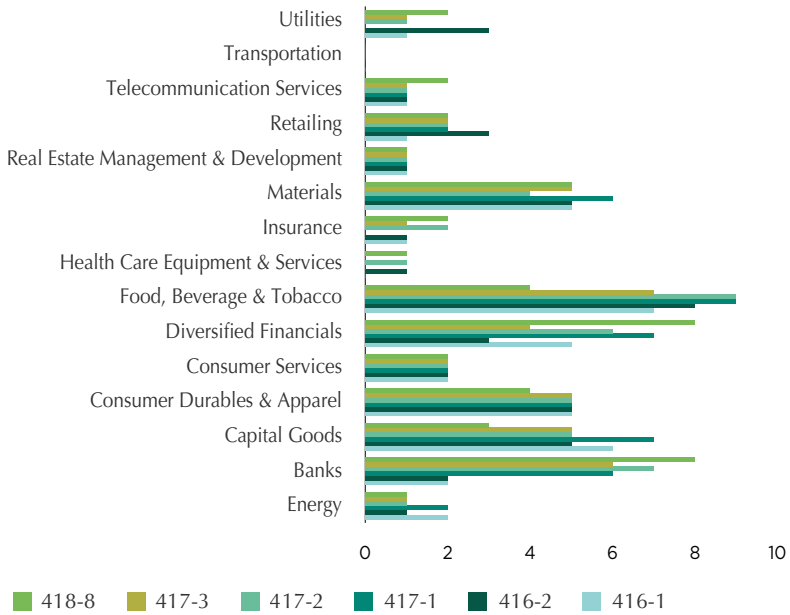


Disclosure Requirements		Reporting (out of 71 GRI reports)		No. in 2015	Increase
Customer Health & Safety					
416-1	Assessment of the health and safety impacts of product and service categories	55%	39	16	144%
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	58%	41	18	128%
Marketing and Labeling					
417-1	Requirements for product and service information and labeling	68%	48	16	200%
417-2	Incidents of non-compliance concerning product and service information and labeling	66%	47	21	124%
417-3	Incidents of non-compliance concerning marketing communications	58%	41	29	41%
Customer Privacy					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	63%	45	25	80%

REPORTING ON PRODUCT RESPONSIBILITY



REPORTING ON PRODUCT RESPONSIBILITY



Way Forward for Sri Lanka

Sustainability Reporting has gathered momentum since the last survey in 2015, albeit at a slower pace. This is largely attributable to the loss of momentum during the pandemic year and the financial crisis that prevailed in 2022. The sustainability reporting landscape has also evolved considerably during this period with other standards also being used as a basis for reporting. However, GRI Standards remain the most widely used standard for the purpose.

Sri Lanka's socioeconomic vulnerabilities are exacerbated by its environmental vulnerabilities and reliance on imported fossil fuels to support its growing demand for energy. The country is also moving towards a low carbon economy and sustainability reporting will facilitate alignment of corporate strategies with country strategy. Consequently, there is an urgent need for corporates to strengthen business resilience through a holistic sustainability agenda that is supported by reliable metrics and targets to objectively monitor progress.

Corporates adopting sustainability reporting will be able to reap significant benefits through cost savings, minimizing waste, sustainable product and process innovation and enhance business resilience. The upside potential of sustainability reporting is likely to strengthen an organisation's competitive advantages and access to markets as countries move towards increased use of non-tariff trade barriers which may include compliance with social and environmental factors.

Reporting entities are encouraged to review their processes for identifying material topics. As set out in GRI 3: Material Topics, understanding the sustainability context is important and the country's economic, environmental and social challenges must be considered in selecting material topics.

Reporting entities should also avoid reporting across less significant aspects as it compromises the quality of the report, as they become more voluminous. It also raises concerns on greenwashing and whitewashing by companies, compromising the value of sustainability reporting.

Reporting entities should subject the sustainability information to the same rigorous internal control processes and review as financial reporting information to enhance the quality of the reports. This will enable organisations to understand and use the information to support objective decision making which in turn will support optimal resource allocation and reduce brand vulnerabilities.

It is important to note that Sustainability Reporting initiatives must be led from the front by the CEO and the Board as reinforced by the GRI Universal Standards. This serves to highlight the importance placed on the processes and encourage a change in the organization culture on awareness and engagement with sustainability reporting. Sustainability reporting in Sri Lanka needs to evolve to a stage where targets can be set for key indicators and only high level commitment can take entities forward towards this goal.

Reporting on diversity and equal opportunity sheds light on the need for corporates to drive meaningful change using reliable metrics to understand the issues underlying the topic. Addressing all disclosures in the topics selected as material topics is highly recommended for corporates that want to move the needle on the same.

Investing in external assurance on sustainability reports will enhance their credibility and also gain expertise and insights in to areas for improvement from experts in sustainability reporting. This will also collectively drive the quality of reporting across the board as entities implement the recommendations, enhancing their own quality of reporting. Awards and accolades for sustainability reporting also drive growth in both the number and the quality of reports as entities review and research new developments to gain an advantage.



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