

PROGRESS TOWARDS ADOPTING SLFRS SUSTAINABILITY REPORTING STANDARDS

In June 2023, the International Sustainability Standards Board (ISSB) launched its inaugural standards IFRS S1 General Requirements for Sustainability related Financial Information and S2 Climate related Disclosures. In collaboration with ISSB, The Institute of


Chartered Accountants of Sri Lanka has issued localized versions of these standards, designated as SLFRS S1 and SLFRS S2, in January 1, 2024. These standards aim to ensure consistent reporting of how sustainability related risks and opportunities

impact companies' future growth potential. We carefully studied these standards and revised our sustainability processes over the year to align with the new reporting requirements. A summary of our journey is given below.







- Complied

- In progress

Requirement	Reference
<p>Governance</p>  <p>Established an ESG Steering Committee in line with the launch of our own ESG Roadmap 2030. The Committee is headed by the Managing Director and comprises representatives from diverse functions.</p> <p>Established an ESG Unit to overlook the ESG activities of the Group. The ESG manager reports directly to the Deputy Managing Director.</p> <p>The committee met 3 times during the year to review ESG performance against targets.</p>	<p><input checked="" type="checkbox"/> Page 186 to 187</p>
<p>Established a Terms of Reference for the ESG Steering Committee to provide guidance for the Committee's objectives composition, meeting frequency, authorities, and responsibilities.</p>	<p><input checked="" type="checkbox"/> Page 186 to 187</p>
<p>The ESG and Risk Management Committee is mandated with ensuring appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability related and climate related risks and opportunities.</p>	<p><input checked="" type="checkbox"/> Page 186 to 187</p>
<p>Consideration of sustainability related risks and opportunities when overseeing the entities strategy and the trade-offs made</p>	<p><input checked="" type="checkbox"/> Page 66 to 83</p>
<p>Amended remuneration policies of Haycarb to reflect the inclusion of ESG performance criteria in measuring / evaluating performance.</p>	<p><input type="checkbox"/></p>
<p>Established processes to reliably capture ESG data which is then recorded in the Hayleys Sustainability Portal, the "Hayleys CUBE" which produces reports and analytics according to requirements. The data is audited on an annual basis by the Hayleys Group ESG auditors.</p>	<p><input checked="" type="checkbox"/> Page 90 to 95</p>
<p>Established an internal audit mechanism headed by the Haycarb Sustainability Manager.</p>	<p><input checked="" type="checkbox"/></p>
<p>All sustainability and climate related risks and opportunities are reviewed by the Audit Committee and the Board of Directors.</p>	<p><input checked="" type="checkbox"/></p>

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Requirement		Reference
Strategy 	Identified sustainability related risks and opportunities that could reasonably be expected to affect the entity's prospects.	<input checked="" type="checkbox"/> Page 66 to 83
	Identified the impacts of the sustainability related risks and opportunities on our business model and value chain including where they are concentrated in the value chain.	<input checked="" type="checkbox"/> Page 66 to 83
	Identified the impacts of these sustainability related risks and opportunities on the Group's strategy and decision making.	<input checked="" type="checkbox"/> Page 66 to 83
	Quantified the effects of the sustainability risks and opportunities and climate related risks and opportunities identified on the Group's financial position, performance and cash flows for the reporting period.	<input type="checkbox"/>
	Quantified the anticipated effects of the climate related risks and opportunities and climate related risks and opportunities on the Group's financial position, performance and cash flows over the short, medium and long term.	<input type="checkbox"/>
Risk Management 	Prepared a sustainability risk management policy which included the processes and related policies used to identify, assess, prioritise and monitor sustainability related risks.	<input checked="" type="checkbox"/> Page 186 to 187
	Formally carried out a materiality assessment during the year to identify, assess and prioritise sustainability related risks and opportunities. This assessment formed the basis for the development of Activate, our ESG Roadmap 2030 which formally outlines our sustainability priorities, metrics, and targets. Performance against targets is monitored on a quarterly basis. A risk assessment is carried out on a quarterly basis and a materiality assessment is carried out on an annual basis to review ESG related risks and opportunities.	<input checked="" type="checkbox"/> Page 84 to 87
Metric and targets 	Connected the metrics and targets set out in our ESG Roadmap 2030 to the sustainability and climate related risks and opportunities identified in the matrix collated and scored by Haycarb.	<input checked="" type="checkbox"/> Page 93 to 95
	Connected the metrics and targets to the SASB standards, GRI material topics and SDGs.	<input checked="" type="checkbox"/> Page 26 to 28, 93 to 95, 237 to 247
Transitional Relief 	Climate-Only Disclosures (First Year) Entities may disclose only climate-related risks and opportunities in the first year and must disclose this choice.	Information related to both sustainability and climate related risks and opportunities are disclosed taking transitional reliefs into consideration
	Comparative reporting Entities are not required to provide disclosures or comparative information for periods before the initial application date.	<input checked="" type="checkbox"/> Transitional relief considered
	Timing of reporting In the first year, entities can publish sustainability-related financial disclosures after financial statements.	Information disclosures related to SLFRS S1 and S2 (with transitional reliefs), are published together with the annual financial statements and related information for 2023/24
	Proportionality Qualitative approach to determine anticipated financial effects of SRROs, CRROs and climate-related scenario analysis	Transitional relief considered (Quantification presented graphically on financial effects of SRROs & CRROs.)
	GHG Protocol and Scope 3 disclosures Information is limited to what is reasonable, supportable, and available without undue cost or effort in measurement of Scope 3 emissions and determination of the scope of the value chain	<input checked="" type="checkbox"/> Transitional relief considered