

IFRS® SUSTAINABILITY DISCLOSURE STANDARDS (ISSB STANDARDS)— APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: Sri Lanka

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This profile provides information about the application of ISSB Standards in Sri Lanka. The ISSB Standards are developed and issued in the public interest by the International Sustainability Standards Board (ISSB). The ISSB is a standard-setting body of the IFRS Foundation (Foundation), an independent, not-for-profit organisation.

The Foundation has prepared this profile applying an analysis that is in accordance with the [Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards](#) (*Jurisdictional Guide*) and based on information provided by jurisdictional authorities in response to a questionnaire the Foundation issued on the regulatory approach to the use of the ISSB Standards. The Foundation invited the questionnaire's respondent and international accounting firms to review a draft of the profile.

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Description of the jurisdictional approach

Jurisdictional approach towards the adoption or other use of ISSB Standards¹
Updated 12 June 2025

	Current ²	Target ³
Jurisdictional approach	Partially incorporating ISSB Standards	Fully adopting ISSB Standards

¹ Refers to the range of approaches that jurisdictions may take to 'adopt, apply or otherwise be informed by' ISSB Standards when introducing sustainability-related disclosure requirements in their legal and regulatory frameworks, as set out in Section 3.4 of the *Jurisdictional Guide*. This range includes approaches that involve the adoption or other use of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* directly, as well as the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2 (referred to as 'requirements with functionally aligned outcomes').

² The current approach describes the most up-to-date status of a jurisdiction's sustainability-related disclosure requirements reflecting what entities in the jurisdiction are required or permitted to apply at the time the jurisdictional profile is published.

³ The target approach describes the stated jurisdictional target that a jurisdiction aims to achieve for sustainability-related disclosure requirements reflecting either the final milestone in the jurisdictional roadmap or requirements that have already been introduced by law or regulation but where application by entities will only be required at a future date.

Regulatory approach to sustainability-related disclosures

Has the relevant authority(ies) in the jurisdiction published a decision to require sustainability-related financial disclosures?	Yes.
Does the jurisdiction's regulatory framework for sustainability-related disclosures adopt or otherwise use ISSB Standards?	Yes.
Description of and links to the relevant announcement, roadmap, standards and/or law or regulation.	<p>The national accounting standard-setter, the Institute of Chartered Accountants of Sri Lanka, has issued local standards, designated as SLFRS S1 and SLFRS S2 (SLFRS), which incorporate IFRS S1 and IFRS S2. The local standards have been approved by the Council of the Institute of Chartered Accountants of Sri Lanka for mandatory application, effective from 1 January 2025.</p> <p>The application was also mandated for listed companies through an amendment to the listing rules of Colombo Stock Exchange.</p> <p>Voluntary application of SLFRS S1 and SLFRS S2 is permitted for annual reporting periods beginning on or after 1 January 2024.</p>
Summary of the timeline for the application of the jurisdiction's sustainability-related disclosure requirements by entities in the jurisdiction.	<p>Voluntary application:</p> <ul style="list-style-type: none"> Annual reporting periods starting on or after 1 January 2024. <p>Mandatory application:</p> <ul style="list-style-type: none"> Top 100 listed entities on the Colombo Stock Exchange by market capitalisation as of 1 January 2025 are required to apply SLFRS for annual reporting periods starting on or after 1 January 2025. Main Board entities on the Colombo Stock Exchange are required to apply SLFRS for annual reporting periods starting on or after 1 January 2026. All other listed entities, except those on the Colombo Stock Exchange's Empower Board, are required to apply SLFRS for annual reporting periods starting on or after 1 January 2027. Empower Board entities listed as of 1 January 2024 are required to apply SLFRS for annual reporting periods starting on or after 1 January 2030. Empower Board entities listed after 1 January 2024 are required to apply SLFRS for annual reporting periods starting on or after the fifth anniversary of their listing date. Non-listed companies subject to oversight by Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) with annual

turnover over Sri Lankan rupees (Rs.) 10 Bn for the last two years are required to apply SLFRS for annual reporting periods starting on or after 1 January 2028.

- Non-listed companies subject to SLAASMB oversight with annual turnover over Rs. 5 Bn for the last two years are required to apply SLFRS for annual reporting periods starting on or after 1 January 2029.
- All other non-listed entities subject to SLAASMB oversight are required to apply SLFRS for annual reporting periods starting on or after 1 January 2030.

Extent of application of ISSB Standards

Requirements

Applicable ISSB Standards: which ISSB Standards does the legal or regulatory framework adopt or otherwise use?

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

Scope: what information is an entity in the jurisdiction required to disclose?

Material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or the cost of capital over the short, medium or long term.

Focus: at whom is the information provided by sustainability-related disclosure requirements in the jurisdiction focused?

Existing and potential investors, lenders and other creditors.

Placement of disclosures: does the jurisdiction require that an entity include sustainability-related financial disclosures as part of its general purpose financial reports?

Yes.

Timing of reporting: does the jurisdiction require that an entity report sustainability-related financial disclosures at the same time as its related financial statements?

Yes. Sustainability-related financial disclosures are required to be published at the same time as the related financial statements as required by IFRS S1 (subject to transition relief for the first annual reporting period, consistent with paragraph E4 of IFRS S1).

Transition reliefs: do the jurisdiction's requirements include any **extensions** of the transition reliefs included in IFRS S1 and IFRS S2?

Yes.

	Description of relief	Duration of relief
IFRS S2	One additional year of relief from the requirement to disclose Scope 3 greenhouse gas emissions (extending the relief to the first two annual reporting periods in which the entity applies SLFRS).	One additional year following the mandatory application of the standard.

Jurisdictional modifications: do the jurisdiction's requirements include any modifications to the requirements in IFRS S1 and IFRS S2?

Yes.

	Description of modification	Duration of modification
IFRS S1	For the first two years of mandatory reporting, SLFRS provides a relief from disclosures regarding anticipated financial effects of sustainability-related risks and opportunities (paragraph 34(b) of IFRS S1).	Two years following the mandatory application of the standard. The additional relief will apply subsequently to all groups of companies as they are phased in.
IFRS S2	For the first two years of mandatory reporting, SLFRS provides a relief from disclosures regarding anticipated financial effects of climate-related risks and opportunities (paragraph 15(b) of IFRS S2). Entities are permitted to defer the disclosure about resilience and scenario analysis (Paragraph 22).	Two years following the mandatory application of the standard. The additional relief will apply subsequently to all groups of companies as they are phased in.

There will be a permanent 1-year delay to the effective date of any new ISSB Standards when a decision is made to adopt them. It will apply subsequently to all groups of companies that are required to report according to the schedule in *Summary of the timeline for the application of the jurisdiction's sustainability-related disclosure requirements by entities in the jurisdiction*.

Schedule of differences between ISSB Standards and

Not available.

jurisdictional requirements, if applicable and available.

Dual reporting: is 'dual reporting' allowed, such that entities in the jurisdiction may assert compliance both with IFRS Sustainability Disclosure Standards as issued by the ISSB and another set of standards (for example, compliance with both ISSB Standards and the jurisdiction's sustainability-related disclosure requirements)?

Not permitted.

Assertion of compliance: does the jurisdiction's legal or regulatory framework require entities to make an explicit and unreserved statement of compliance?

Yes—with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

Reporting entities

Are all or most⁴ **domestic** publicly accountable entities either required or permitted to comply with the jurisdiction's sustainability-related disclosure requirements?

Current	Target
Yes—required.	Yes—required.
The 100 largest listed entities of the Colombo Stock Exchange, based on respective entities' market capitalisation as of 1 January 2025.	All listed entities.

Are entities without public accountability either required or permitted to comply with the jurisdiction's sustainability-related disclosure requirements?

Yes—required.

As per the implementation roadmap, entities without public accountability also need to comply with SLFRS Sustainability Disclosure Standards as follows:

- a. Non-listed companies subject to SLAASMB oversight with annual turnover over Sri Lankan rupees Rs. 10 Bn for the last two years are required to apply SLFRS for annual reporting periods starting on or after 1 January 2028.

⁴ In accordance with the *Jurisdictional Guide*, 'most' publicly accountable entities is intended to capture the weight of the entities in relation to the economy or activity in the jurisdiction, instead of the number of entities subject to the requirements. It is based on the relative weight of listed entities captured by the requirements in relation to the jurisdiction's gross domestic product or the overall market capitalisation in the main equity index.

- b. Non-listed companies subject to SLAASMB oversight with annual turnover over Rs. 5 Bn for the last two years are required to apply SLFRS for annual reporting periods starting on or after 1 January 2029.
- c. All other non-listed entities subject to SLAASMB oversight are required to apply SLFRS for annual reporting periods starting on or after 1 January 2030.

What sustainability-related disclosure requirements apply to **foreign** publicly accountable entities?

Foreign publicly accountable entities are required to report in accordance with the same framework as domestic publicly accountable entities.

Reporting entity: do the jurisdiction's requirements specify that an entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements?

Yes.

Other sustainability reporting considerations

Additional disclosure requirements: does the jurisdiction require or permit an entity to provide additional disclosures within the report that contains sustainability-related financial disclosures based on ISSB Standards?

Yes—permitted.

If additional disclosures are permitted or required, what is the basis for such additional information?

In accordance with GRI Standards.

Does the jurisdiction require that any such additional disclosures are clearly identified and do not obscure information required by ISSB Standards?

Yes.

Digital reporting: is digital reporting of sustainability-related disclosures required?	No.
If yes, what digital reporting taxonomy is used (if applicable)?	Not applicable.
Assurance: what level of assurance over sustainability-related disclosures does the jurisdiction require?	Under consideration. The Statutory Auditing Standards Committee expects to consider it from 1 January 2027.
Other comments regarding the content of sustainability-related financial reporting or the use of ISSB Standards in the jurisdiction.	Not applicable.

Jurisdictional authorities

Organisation(s):	Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) Securities and Exchange Commission of Sri Lanka Colombo Stock Exchange Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB)
Role of the organisation(s):	<p>CA Sri Lanka: the national standard-setter</p> <p>Securities and Exchange Commission of Sri Lanka: securities market regulator</p> <p>Colombo Stock Exchange: securities market operator</p> <p>Sri Lanka Accounting and Auditing Standards Monitoring Board: monitoring of implementations of standards of Specified Business Enterprises</p>
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