

Commercial Bank of Ceylon PLC, including the Board of Directors and senior management, does not have any relationship with DNV GL or KPMG, apart from the latter's engagement as the Independent External Auditor of the Group. The Bank's Managing Director, who is an Executive Director of the Board and members of the Corporate Management of the Bank are responsible for sustainability practices and disclosures reviewed in this Report; worked with the external assurance providers on the Report content. We plan to continue seeking independent external assurance for future sustainability reports, to ensure continued credibility.

### Precautionary Approach

Bank manages the social and environmental impacts in our products and services through the Social and Environment Management System (SEMS) and also channelling new product developments through the Bank's product development committee. Refer page 88 under section 'Product Responsibility' for Bank's procedures in place for new product developments and SEMS.

Bank also manages the social and environmental impacts in our Supply chain through the supplier selection and evaluation process. The process includes a technical review, which encompasses social and environmental aspects. Refer page 110 for details on Supplier Assessment.

### Bank's Subscription to External Charters and Principles

Commercial Bank is committed to uphold the principles of United Nations Global Compact and International Finance Corporation guidelines and performance standards that reflect our operating values, principles and commitments to stakeholders.

### Memberships in Associations

The Bank has general memberships in a number of sectoral, industrial and professional organisations and associations. Although, the Bank does not hold positions on the governance bodies of these institutions, we extend our fullest support for their activities.

- Sri Lanka Banks' Association (Guarantee) Ltd.
- Institute of Bankers of Sri Lanka (IBSL)
- The Ceylon Chamber of Commerce, Sri Lanka
- The National Chamber of Commerce, Sri Lanka
- Association of Banking Sector Risk Professionals
- Association of Compliance officers of Banks, Sri Lanka

## MATERIAL ASPECTS AND BOUNDARIES

### Our Approach to Defining Report Content and the Aspect Boundaries

We believe it is vital to align the Bank's business strategy with the expectations of our stakeholders, given the strong connection between our sustainability commitment and our overall goals as an enterprise. The content of this Report therefore considers the full

range of the Bank's business activities, along with our economic, environmental and social impacts and also the views expressed by our stakeholders, as outlined in the section 'Stakeholder Engagement Process' on pages 75 to 78.

The methodology used to determine report content is based primarily on the strategic imperatives and the GRI G4 guidelines and follows a two-step process:

#### Step 1 – Identify Relevant Aspects and Their Boundaries

We have identified aspects with broad sustainability significance collected via the stakeholder engagement process and established 'boundaries' to isolate those impacts that are most relevant to Commercial Bank and our stakeholders.

We evaluated aspects according to their impact on, and contribution to, areas of sustainability related to the Bank's business strategy and operations. They were also assessed in the light of stakeholder expectations – again, as gathered through the engagement process.

Aspects were categorised according to three levels of significance: high, moderate and low. We applied the following criteria to measure impacts and boundaries:

- The level of influence that the Bank has over each aspect.
- The extent to which a resource is used in our operations.
- The degree of various stakeholders' interactions and their levels of expectation.
- The Bank's responsibility as a good corporate citizen.
- The impacts of the activities of our customers and suppliers.
- The value that the Bank can potentially deliver in relation to each aspect.

#### Step 2 – Establishing Material Aspects and Prioritisation

We evaluated and ranked 'material aspects' based on their importance to the Bank's operations, as well as the expectations of our stakeholders and the applicability of relevant local and international laws, regulations and treaties. At the same time, for each material aspect, we identified a boundary encompassing its most significant impacts.

To establish an aspect's 'materiality' or direct importance, we prioritised its relevance (again, with rankings of high, medium and low) from two perspectives:

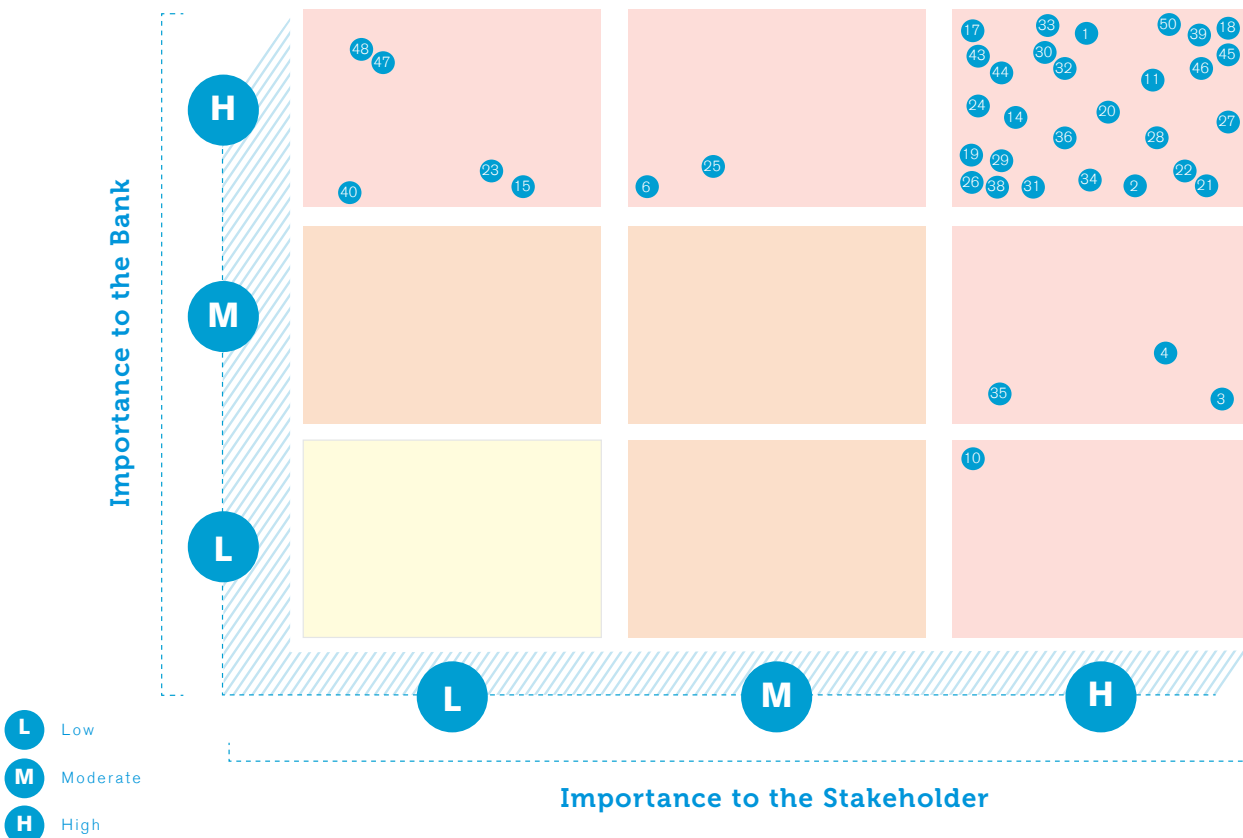
- (1) The importance of the aspect to our pursuit of the Bank's strategic objectives (set out in the Corporate Plan) as we fulfill our responsibilities to the economy, the natural environment and society as a whole.
- (2) The importance of the aspect to specific stakeholder groups, and the influence it could have on how they assess their relationship with the Bank.

Material Aspects and Boundaries

The following table shows the levels of significance accorded to various aspects relative to the triple bottom lines of sustainability.

Aspect	Significance to Bank's Operations	Aspect Boundary					Materiality	
		Internal		External			To the Bank	To the Stakeholder
		Sri Lanka	Bangladesh	Customers	Communities	Suppliers		
<b>Economic</b>								
1. Economic performance	High	★	★				High	High
2. Market presence	High	★					High	High
3. Indirect economic impact	Moderate			★			Moderate	High
4. Procurement practices	Moderate	★					Moderate	High
<b>Environmental</b>								
5. Materials	Low							
6. Energy	Moderate	★	★				High	Moderate
7. Water	Low							
8. Biodiversity	Low							
9. Emissions	Low							
10. Effluents and waste	Moderate	★				★	Low	High
11. Products and services	Moderate			★			High	High
12. Compliance	Low							
13. Transport	Low							
14. Overall	Low							
15. Supplier environment assessment	Moderate					★	High	Low
16. Environment grievance mechanisms	Low							
<b>Social: Labour Practices and Decent Work</b>								
17. Employment	High	★	★			★	High	High
18. Labour/management relations	High	★	★				High	High
19. Occupational health and safety	Moderate	★	★				High	High
20. Training and education	High	★	★				High	High
21. Diversity and equal opportunity	High	★	★				High	High
22. Equal remuneration for women and men	High	★	★				High	High
23. Supplier assessment for labour practices	High					★	High	Low
24. Labour practices grievance mechanisms	High	★	★				High	High
<b>Social: Human Rights</b>								
25. Investment	Moderate	★					High	Moderate
26. Non-discrimination	High	★	★				High	High
27. Freedom of association and collective bargaining	High	★	★				High	High
28. Child labour	High	★	★				High	High
29. Forced or compulsory labour	High	★	★				High	High
30. Security practices	Moderate	★	★				High	High
31. Indigenous rights	Low							
32. Human rights assessment	High	★	★				High	High
33. Supplier human rights assessment	High					★	High	High
34. Human rights grievance mechanisms	High	★	★				High	High
<b>Social: Society</b>								
35. Local communities	Moderate	★			★		Moderate	High
36. Anti-corruption	High	★					High	High
37. Public policy	Low							
38. Anti-competitive behaviour	Low							
39. Compliance	High	★	★				High	High
40. Supplier assessment for impacts on society	Moderate					★	High	Low
41. Grievance mechanisms for impacts on society	Low							

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		Internal		External			To the Bank	To the Stakeholder
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<b>Social: Product Responsibility</b>								
42. Customer health and safety	Low							
43. Product and service labelling	High	*	*				High	High
44. Marketing communications	High	*	*				High	High
45. Customer privacy	High	*	*				High	High
46. Compliance	High	*	*				High	High
47. Product portfolio	High	*	*				High	Low
48. Audit	High	*	*				High	Low
49. Active ownership	Low							
<b>Other Topics</b>								
50. Bank's CSR activities	High	*					High	High



There were neither material restatement of information provided in earlier reports nor any material change in the scope nor in the aspect boundaries of the report with regard to reporting on sustainability impacts of the Bank.