

Basis of Preparation

This is the 47th Annual Report of Commercial Bank of Ceylon PLC which provides a comprehensive but concise account of how the Bank has created value to its shareholders and other stakeholders in 2015, in its 95th year of operations. This Report discusses the Bank's economic, environmental and social performance in a holistic manner and is carefully structured to present material information where it is most relevant. The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 07 of 2007. The Section on 'How We Govern' appearing on pages 26 to 58 provides a concise narrative on how the Bank complies with the Code of Best Practice on Corporate Governance and the Banking Act Direction No.11 of 2007. The remainder of the Report is based on the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) G4 Guidelines 'In Accordance – Core' option and the Financial Services Sector Disclosures published by GRI. This is our 7th Report presenting information in accordance with the GRI Guidelines with the most recent Report being for the year ended December 31, 2014 for which comparatives are given throughout this Report. There were no re-statements of previously reported economic, social or environmental information. The Report also sets out how the Bank complies with the United Nations Global Compact (UNGC) principles and the Bank's Social and Environmental Management System derived based on the applicable requirements of the International Finance Corporation (IFC). We have also looked to a Preparer's Guide to Integrated Corporate Reporting Guidance published by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) for further guidance in preparation of this Report.

Commercial Bank of Ceylon PLC, the parent entity of the Group, accounts for over 99% of Group revenue, assets, borrowings and employees and therefore, is the main entity for which social and environmental information is presented in the narrative report unless otherwise

referred to as Group or Consolidated. Consequently, the Bank's four Subsidiaries; Commercial Development Company PLC, ONEzero Company Ltd., Serendib Finance Ltd. and Commex Sri Lanka S.R.L. together with two Associates; Equity Investments Lanka Ltd. and Commercial Insurance Brokers (Pvt) Ltd. are consolidated in preparation of Group financial results, but are excluded from the social and environmental reporting process.

The material aspects boundaries are based on both internal and external assessments covering the Bank's operations in Sri Lanka and where specified Bangladesh. We have provided both quantitative and qualitative data and it has been our intention to provide quantitative data where possible to facilitate comparisons and further analyses.

Commitment to Quality

We take every effort to ensure that our Report complies with the following qualitative criteria:

- **Completeness:** This Report includes, material impacts within and under the direct control of the Bank: impacts outside which are indirectly influenced through our engagement with stakeholders; and broader sustainability initiatives undertaken through the CSR Trust of the Bank in co-operation with Government organisations and other groups.
- **Comparability:** Results from the current period and previous reporting periods are included together with industry benchmarks where relevant and available.
- **Accuracy and Consistency:** Our information gathering processes have inbuilt internal controls to facilitate traceability and are verified by internal audit and additional assurance has been provided by External Auditors on financial information in accordance with regulatory requirements.
- **Clarity:** Quantitative and qualitative information has been provided using visual elements such as graphs, tables and pictures to facilitate understanding and brevity of the Report.

- **Balance:** We have taken every possible effort to present a balanced review and have included relevant material information including facts and trends which may not be necessarily interpreted as favourable to the performance of the Bank.
- **Credibility and Reliability:** Our policy of providing external assurance on both financial and sustainability information from reputed providers ensures the credibility and reliability of the Report.

External Assurance

The Bank is required to have Independent External Auditors provide an opinion on the Financial Statements and its External Auditors are rotated every 5 years to ensure their independence and objectivity. Assurance of sustainability disclosures in the Report is also obtained from DNV GL, represented by DNV GL Business Assurance Lanka (Pvt) Ltd. and performance indicators from KPMG.

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.

Contact Person

Please send your inquiries and feedback on this Report to:

Name: K.D.N. Buddhipala
Designation: Chief Financial Officer
Commercial Bank of Ceylon PLC
'Commercial House'
21, Sir Razik Fareed Mawatha
Colombo 01
Sri Lanka