

Introduction

DNV GL represented by DNV GL Business Assurance Lanka (Private) Limited has been commissioned by the management of Commercial Bank of Ceylon PLC ('Commercial Bank' or 'the Bank') to carry out an independent assurance engagement (Type 2, Moderate level) for the non-financial - qualitative and quantitative information (sustainability performance) reported in Commercial Bank's printed Annual Report 2015 ('the Report'). The sustainability performance reported in the Report is prepared based on the 'in accordance' – Core reporting option of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4 (GRI G4) and GRI's Financial Services Sector Disclosures. This engagement focused on verification of sustainability performance disclosed in the Report, and underlying management system and reporting processes. The engagement was carried out against AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS) the DNV Verification Protocol for Sustainability Reporting ('VeriSustain' - available on request from www.dnvgl.com).

The intended users of this assurance statement are the management of Commercial Bank ('the management'). The management is responsible for all information provided in the Report as well as the processes for collecting, analyzing and reporting the information presented in the report. Our responsibility in performing this work is regarding the verification of the sustainability performance reported in the printed Annual Report 2015 only, in accordance with the scope of work agreed with the management of the Commercial Bank. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and true. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this assurance statement. Our assurance engagement was planned and carried out in February 2016.

Scope, Aspect Boundary and Limitations of Assurance

The scope of assurance included the review of sustainability performance covering the economic, environment and social performance reported in the Annual Report 2015. In particular the assurance engagement included:

- The verification of the qualitative and quantitative sustainability performance reported in the Annual Report prepared by the Commercial Bank based on the GRI G4 guidelines, covering economic, environmental and social performance for the activities undertaken by Commercial Bank over the reporting period 1st January 2015 to 31st December 2015 and reported in this Report;
- Review of the policies, initiatives, practices and performance related to the Bank's sustainability performance, and reported in Commercial Bank's printed Annual Report 2015 as well as references made in the Report;
- Evaluation of the systems and processes the company has in place for adherence to reporting principles set out in GRI G4;
- Evaluation of the disclosed information in the Report - both General and Specific Standard Disclosures – for 'in accordance' – Core reporting requirements of GRI G4;
- Evaluation with respect to the AccountAbility principles and specified performance information, for a Type 2, moderate level of assurance, in accordance with the requirements of AA1000AS (2008):
 - information relating to the issues, responses, performance data, case studies and underlying systems for the management of such information and data;
 - information relating to materiality assessment and stakeholder engagement processes;
- Confirmation of the fulfillment of GRI G4's 'in accordance' – Core criteria, as declared by Commercial Bank, including adherence to GRI G4 Reporting Principles and Standard Disclosures.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reporting boundary of sustainability performance covers banking and associated operations in Sri Lanka and Bangladesh, including selected supply chain activities as set out in the Report in the section 'About the Report'. The Report does not include performance data and information related to the activities of Commercial Bank's four subsidiaries – Commercial Development Co. PLC, ONEzero Co. Ltd., Serendib Finance Finance Ltd. and Comm Sri Lanka SRL – and the operations of its two associates, Equity Investments Lanka Ltd. and Commercial Insurance Brokers (Pvt.) Ltd., as the results of their operations are not significant (<1% revenue) compared to the overall results of the group.

The Aspect Boundary is based on internal and external materiality assessment covering the banking and associated operations in Sri Lanka and Bangladesh, including selected supply chain activities (refer the section 'About the Report' and Appendices I and II). The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) and other financial data are based on audited financial statements issued by the Company's statutory auditors. No external stakeholders were interviewed as part of this assurance engagement.

Verification Methodology

This assurance engagement was planned and carried out in accordance with the AA1000AS (2008) i.e. Type 2, Moderate and VeriSustain. The report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as Reliability of specified sustainability performance information, as set out in the AA1000AS (2008);
- Application of the principle of materiality as per GRI G4;
- Adherence to additional principles of Completeness and Neutrality, as set out in DNV GL's Protocol;

- The GRI G4 requirements – ‘in accordance’ – Core.

During the assurance engagement, we have taken a risk-based approach, meaning we concentrated our verification efforts on the issues of high material relevance to Commercial Bank’s business and its stakeholders. We have verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so, we have:

- Reviewed the approach to stakeholder engagement and its materiality determination process;
- Verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- Examined and reviewed documents, data and other information made available by the Commercial Bank and visited the Head office at Colombo and two branch offices at Colombo;
- Conducted interviews with key representatives including data owners and decision-makers from different functions of the Commercial Bank;
- Performed sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report.

Conclusions

Commercial Bank has implemented management systems with sustainability as the focus, to manage its key sustainability parameters. The Bank’s sustainability performance reported in the Annual Report is prepared based on GRI G4 Reporting Principles and Standard Disclosures for its ‘in accordance’ – Core option. Further, the Bank has aligned the Report to the International <IR> Framework of the International Integrated Reporting Council (IIRC) including its

Guiding Principles and Content Elements, covering Commercial Bank’s business model and value creation process for a sustainable business.

In our opinion, based on the scope of this assurance engagement, the sustainability performance including the referenced information presented in Commercial Bank’s printed Annual report – 2014 a fair representation of the sustainability related strategies, management system and performance and meets the general content requirements of the GRI G4 i.e.,

- General Standard Disclosures: We are of the opinion that the reported disclosures generally meet the GRI G4 reporting requirements for ‘in accordance’ – Core based on GRI G4.
- Specific Standard Disclosures: We are of the opinion that the reported disclosures generally meet the GRI G4 reporting requirement for ‘in accordance’ – Core based on GRI G4 and the Financial Services Sector Disclosures covering generic ‘Disclosures on Management Approach’ (DMA) and ‘Performance Indicators’ for identified material Aspects as below:

Economic

- Economic Performance - G4-EC1;
- Market Presence - G4-EC5, G4-EC6;
- Indirect Economic Impacts - G4-EC7, G4-EC8;
- Procurement Practices – G4-EC9

Environmental

- Energy - G4-EN6;
- Effluents and Waste - G4-EN23;
- Products and Services - G4-EN27;
- Supplier Environmental Assessment - G4-EN32;

Social

Labour Practices and Decent Work

- Employment - G4-LA1, G4-LA2, G4-LA3;
- Labour/Management Relations - G4-LA4;
- Training and Education - G4-LA9, G4-LA10, G4-LA11;

- Diversity and Equal Opportunity - G4-LA12;
- Equal Remuneration for Women and Men - G4-LA13;
- Supplier Assessment for Labour Practices - G4-LA14;
- Labour Practices and Grievance Mechanisms - G4-LA16;

Human Rights

- Non-Discrimination - G4-HR3;
- Freedom of Association and Collective Bargaining -G4-HR4;
- Child Labour - G4-HR5;
- Forced or Compulsory Labour - G4-HR6;
- Supplier Human Rights Assessment - G4-HR10;
- Human Rights Grievance Mechanisms - G4-HR12;

Society

- Local Communities - G4-SO1, FS13, FS14;
- Anti-Corruption - G4-SO5;
- Compliance - G4-SO8;
- Supplier Assessment for Impacts on Society - G4-SO9;

Product Responsibility

- Product and Service Labeling - G4-PR3, G4-PR4, G4-PR5;
- Marketing Communications - G4-PR7;
- Customer Privacy - G4-PR8;
- Compliance - G4-PR9;
- Product Portfolio - FS7, FS8.

We have evaluated the Report’s adherence to the following principles on a scale of ‘Good’, ‘Acceptable’ and ‘Needs Improvement’:

AA1000AS (2008) Principles

Inclusivity: Commercial Bank has formal and informal engagement mechanisms in place for identifying and engaging with key stakeholders, and identifying and responding to key sustainability challenges. The material issues emerging from stakeholder engagement processes were collected and prioritized, and the

results are fairly reflected in the Report. In our opinion, the level at which the Report adheres to this principle is “Good”.

Materiality: The Bank has carried out a materiality assessment exercise by evaluating the Bank’s value creation processes, sustainability context and issues identified through stakeholder engagement processes. The process of materiality assessment has been carried out based on requirements of GRI G4 and Financial Services Sector Disclosures, and considers aspects and topics that are internal and external to the organization. The materiality of Aspects is fairly explained in the Report along with the management and monitoring systems. In our opinion, the level at which the Report adheres to this principles is “Good”.

Responsiveness: We consider that the response to key stakeholder concerns, through the Bank’s policies and management systems including governance are fairly reflected in the Report. In our opinion, the level at which the Report adheres to this principle is “Good”.

Reliability: The majority of data and information verified at Head office and at branch sites at Colombo were found to be fairly accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected. Hence in accordance with the AA1000AS (2008) requirements for a Type 2, moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is reliable and acceptable. In our opinion, the level at which the Report adheres to this principle is “Good”.

Specific Evaluation of the Information on Sustainability Performances

We consider the methodology and process for gathering information developed by the Commercial Bank, for its sustainability performance reporting

is appropriate and the qualitative and quantitative data included in the Report, was found to be identifiable and traceable; the personnel responsible was able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported sustainability activities for the reporting period.

Additional principles as per DNV GL’s VeriSustain

Completeness: The Report has fairly attempted to disclose General and Specific Standard Disclosures including the disclosure on management approach covering the sustainability strategy, management approach, monitoring systems and sustainability performances indicators against the GRI G4 – ‘in accordance’ – Core. In our opinion, the level at which the Report adheres to this principle is “Good”.

Neutrality: The disclosures related to sustainability issues and performances are reported in a neutral tone, in terms of content and presentation. In our opinion, the level at which the Report adheres to the principle of Neutrality is “Good”.

Opportunities for Improvement
The following is an excerpt from the observations and further opportunities for improvement reported to the management of Commercial Bank and are not considered for drawing our conclusion on the Report; however, they are generally consistent with the Management’s objectives:

- Commercial Bank may further disclose its key goals and targets related the short, medium and long term with regard to identified material Aspects and topics within the Report.
- Disclosures on sustainability opportunities, impacts and strategy to mitigate impacts and risks related to Commercial Bank’s international operations with significant operational or financial control and influence may be carried out, to further improve completeness of reported disclosures.

Our Competence and Independence

We are a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward any people interviewed.

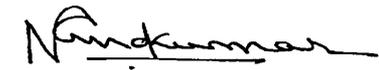
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