

Independent Assurance Statement on Non-Financial Reporting



Introduction

DNV GL represented by DNV 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 - 2014 ('the Report'). The Report is prepared based on GRI G4 guidelines 'in accordance' - Core option and 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 (AA 1000AS), the DNV GL Protocol for Verification of Sustainability Reporting ('VeriSustain' - www.dnv.com/moreondnv/cr/; available on request).

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 - 2014 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 January - February 2015.

Scope, Aspect Boundary and Limitations of Assurance

The scope of assurance included the review of sustainability performance covering the Economic, Environment and Social information in the Report. 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 2014 to 31st December 2014 and reported in this Annual Report;
- Review of the policies, initiatives, practices and performance described in the sustainability performance reported in Commercial Bank's Annual Report - 2014 as well as references made in the report;
- Evaluation of the disclosed information in the Report, both general and specific standard disclosures 'in accordance' - Core reporting requirements covering the systems and the processes the Commercial Bank has in place for adherence to reporting principles set out in the Global Reporting Initiative Sustainability Reporting Guidelines 2013 (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;
- The sustainability disclosures related to GRI G4 - 'in accordance' - Core as declared by Commercial Bank.

The reporting 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 as set out in the Report in the section 'Material Aspects and Boundaries'. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. 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., Indra Finance Ltd. and *Commex 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. 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 the DNV-GL Protocol for Verification of Sustainability Reporting ('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 and one in Dhaka, Bangladesh;
- 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

The Commercial Bank has implemented management systems with sustainability as the focus, to manage its key sustainability parameters. In our opinion, based on the scope of this assurance engagement, the sustainability performance reported in Commercial Bank's Annual Report - 2014 and referenced information provides a fair representation of the sustainability related strategies, management system and performance and meets the general content and quality requirements of the GRI G4 i.e.,

- **General Standard Disclosures:** We reviewed the General Standard Disclosures reported in this Report and we are of the opinion that the reported information generally meets the reporting requirement for 'in accordance' - Core based on GRI G4.
- **Specific Standard Disclosures:** We reviewed the Specific Standard Disclosures reported in this Report and we are of the opinion that the reported information generally meets the reporting requirement for 'in accordance' - Core based on GRI G4 and 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;

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;
- Occupational Health and Safety - G4-LA8;
- Training and Education - G4-LA9, 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;
- Security Practices - G4-HR7;
- Assessment - G4-HR9;
- Supplier Human Rights Assessment - G4-HR10;
- Human Rights Grievance Mechanisms - G4-HR12;

Society

- Local Communities - G4-SO1, G4-SO2, FS13, FS14;
- Anti-Corruption - G4-SO3, G4-SO4, 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-PR6,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: The stakeholder identification and engagement process includes formal and informal engagement with key stakeholders to identify sustainability challenges and concerns through various channels. The material issues emerging from the stakeholder engagement were collected and prioritized, and the results are fairly reflected in the Report. In our view, the level at which the Report adheres to this principle is "Good".

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Materiality: The process of materiality assessment has been carried out based on requirements of GRI G4 and Financial Services Sector Disclosures. The process considered the aspects that are internal and external to the organization and prioritized the aspects for sustainability management. The materiality of the aspects is fairly explained in the Report along with the management and monitoring systems. In our view, the level at which the Report adheres to this principle is **“Good”**.

Responsiveness: We consider that the response to key stakeholder concerns, through its policies and management systems including governance are fairly reflected in the Report through appropriate disclosures on management approach and strategy for risk impact mitigation. In our view, 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 and Dhaka 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 view, 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 Protocol

Completeness: The Report has fairly attempted to disclose the General and Specific Standard Disclosures including the disclosure on management approach covering the sustainability strategy, management approach, monitoring systems and sustainability performance indicators against the GRI G4 – ‘in accordance’ – Core. However certain performance indicators - internal and external to the Commercial Bank like energy, waste, occupational health and safety etc.– are partially reported due to complexity/ challenges in data aggregation and formal data aggregation systems are being deployed across all entities; In our view, the level at which the Report adheres to this principle is **“Acceptable”**.

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

Opportunities for Improvement

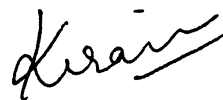
The following is an excerpt from the observations and further opportunities for improvement reported to the management of Commercial Bank and are not considered for drawing our conclusion on the Report; however, they are generally consistent with the Management's objectives:

- Bank may consider topics beyond GRI aspects related to foreign direct investment in infrastructure and other sectors, green banking, business continuity and other national and international charters to which bank and the peers subscribes in the geo locations of operations.
- 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.
- Commercial Bank may further disclose its key goals and targets with regard to identified material Aspects within the Report, so as to further improve its responsiveness to interested stakeholders.

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 towards any people interviewed.

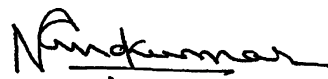
For DNV GL



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February 23, 2015, Colombo, Sri Lanka.