

Communication on Progress

Statement of Continuing Support for the Global Compact from the Managing Director

The Commercial Bank of Ceylon PLC Sri Lanka is committed to and subscribes to the United Nation's Global Compact programme. We uphold its ten principles covering the aspects of human rights, labour, environment and anti-corruption. We would be able to foster sustainable growth by adhering to this core set of universal values which are fundamental in meeting the socio-economic needs of the world.

Amitha Gooneratne.
Managing Director,
Commercial Bank of Ceylon PLC.,
Sri Lanka.

Human Rights

- 1) Business should support and respect the protection of internationally proclaimed human rights.**
- 2) Business should ensure that they are not complicit in human rights abuses**

Action taken

Commercial Bank's employment practices continue to reflect the human rights standards enshrined in the United Nations Universal Declaration of Human Rights and the International Labour Organization Conventions. These cover such items as forced and compulsory labour, minimum working age, working hours, health and safety, discrimination, sexual harassment, collective bargaining and industrial relations.

The Bank also provides opportunities for the differently abled, encourages quality of work life for which the Bank has a written policy ("To maintain high hygienic standards with regard to work environment, ergonomic design of office work stations, use of office equipments and to ensure highest degree of safety to the employees"), and provides facilities for all staff to participate in sports.

Knowledge enhancement focuses on enhancing the capabilities of the staff through performance coaching. Learning processes, succession management, leadership capabilities and ensuring the management's commitment are some key areas that the Bank focuses on.

Labour

- 3) Business should uphold the freedom of association and the effective recognition to collective bargaining.**

Action taken

The Bank has afforded recognition to the employee organizations established by the staff of the Bank and is engaging in Collective Bargaining with them.

On 31st of March 2009, the Bank signed two Collective Agreements and a Memorandum of Understanding with the Employee Organizations which will be in force from 1st January 2009 to 31st December 2011.

- 4) Business should support the elimination of all forms of forced and compulsory labour.**

Action taken

All labour is voluntary and out of free will.

In respect of non executive staff, terms and conditions of employment are negotiated and agreed upon every three years while for executive staff, regular review is being undertaken in respect of their terms and conditions of employment in line with market trends.

The Bank engaged the services of an external firm of consultants to carry out a comprehensive assessment of its compensation and benefits programme. The new Compensation and Benefits programme promotes desired behaviours and recognizes required results, with a focus on rewarding critical skills and capabilities and building a high performance culture.

- 5) Business support the effective abolition of child labour**

Action taken

Minimum age limits are specified and in any event it is not less than 18 years.

The Bank's outsourcing Agreement contains a specific clause stating that the Agency providing services shall not supply persons who are under the age of 18 years. The clause also prohibits the Agency from providing such under aged persons to any other customer to whom they are providing services.

6) Business should support the elimination of discrimination in respect of employment and occupation

Action taken

The Bank's HR policy promotes equality among its entire staff.

Environment

7) Business should support a precautionary approach to environmental challenges

Action taken

The Bank is conscious that greenhouse gases produced as a by-product of the operations is contributing to global warming. Sri Lanka is not an Annex 1 country which is legally bound to reduce its greenhouse gas emissions. However, Commercial Bank, has decided to voluntarily take measures to reduce emissions.

8) Business should undertake initiatives to promote greater environmental responsibility

Action taken

The Bank launched a Social and Environmental Management System (SEMS) in the year under review and brought it under a dedicated officer. The SEMS provides a policy framework, implementation system and a monitoring mechanism to ensure that not only the Bank but also its customers conform to certain standards.

The Bank carries out through its Social and Environmental Officer site inspections /audits prior to and after allowing the credit facility to borrowers in order to ensure that they comply with the Social and Environmental Issues as per the IFC (International Finance Corporation) Performance Standards.

Commercial Bank's 'E-Friends II Credit Line' Loans provide concessionary funding for those entrepreneurs who adopt environmentally-friendly technologies. Since its launch in 2005, the Bank has advanced a total sum of Rs. 1.3 Bn which includes Rs. 477.1 Mn (The credit Line was fully committed during this year) advanced in the year under review.

9) Business should encourage the development and diffusion of environmentally friendly technologies

Action taken

Environmentally friendly technologies are used and promoted in our own building projects.

Special emphasis is also given for this aspect when granting credit facilities for large scale projects.

Anti corruption

10) Business should work against corruption in all its forms, including extortion and bribery

Action taken

The Bank takes stringent measures to ensure that the Code of Ethics which binds all employees is observed to the letter as well as practiced in all the glory of its spirit. No Director or member of the management has been found guilty on account of corruption of any form including bribery in any Court of Law.

Commercial Bank PLC signs two Collective Agreements with the CBEU



In furtherance of the need to uphold the principle of effective recognition and the right to collective bargaining, the Commercial Bank of Ceylon PLC entered into two Collective Agreements with the Ceylon Bank Employees Union (CBEU) covering the non-executive staff and the Junior Executive Assistants of the Bank. A Memorandum of Understanding covering the Junior Executive Officers of the Bank was also signed along with the said Collective Agreements on 31st March 2009. These Agreements are revisions of the 2006 Agreements which lapsed on 31st March 2009. The new Agreements will be in force for a period of 3 years, however as a result of rationalization of the compensations and benefit management of the Bank, the new Collective agreement has being advanced to be effective from 1st January 2009.

It is highly commendable that the Bank and the Union as major partners of the industry coming to a mutual understanding on matters that are important to both parties. Much intense discussion, debate and brain-storming have gone into negotiations during the entire bargaining process which was actively facilitated by the Employers' Federation of Ceylon. The signing of the Collective Agreement at the end is important as it is the outcome of dialogue and consensus as opposed to difference, conflict and confrontation. Also, it provides for clear understanding and a basic plan for enhancing productivity for the benefit of the organization coupled with rewards to the employees. This approach facilitated all parties to strike a balance between employee aspirations and affordability to the employer within the framework of sustainable performance.

While, in its main outline, Collective bargaining is an educative process, it is yet very practical and serves to generate and maintain trust between and among the parties involved which helps ensure long term gain, improved Employee/Industrial Relations practices and consistency in the system.

Concepts of dialogue / bargaining are universally accepted and promoted practices. ILO Convention No 98 deals with the 'right to organize and collective bargaining'. This Convention constitutes one of the 8 core labour Conventions of the ILO where Parties are bound to comply with. There are other benefits such as concessions which are attached to the effective adherence of these principles. Also, Principle 3 of the Global Compact reads: "Business should uphold freedom of association and the effective recognition of the right to Collective Bargaining". The 'right to organise' and the 'right to form and join a trade union' are fundamental rights granted to all citizens by the Constitution of Sri Lanka. 'Collective Bargaining' is a mechanism under the provisions of the Industrial Disputes Act to resolve disputes and maintain industrial peace.

It is a process that helps improve labour - management relations, for it is essentially a form of social dialogue as well – a dialogue that needs to be built on empathy, equality and a clear expression of assumptions, where there is neither duress nor coercive influence, where transparency, trust and gain-sharing are key. Hence, collective bargaining constitutes one of the core mechanisms to maintain industrial harmony and employee relations. It is also a means of bargaining through dialogue between the partners involved and the entering in to a Collective Agreement thereafter.

These are some of the key features that need to be borne in mind. However, all the distinguished guests who were present to witness the signing of the Collective Agreements - Mr. Amitha Goonratne - Managing Director, Mr. Ravi Dias - Chief Operating Officer, Mr. Chitral Amarasiri - Chief HR Officer together with other members of the HR Steering committee representing the Bank. Mr. Kanishka Weerasinghe Deputy Director General representing the Employers' Federation of Ceylon and Mr. M R Shah - President of CBEU, Mr. Asoka Dharmasiri - Assistant Secretary of CBEU, Mr. N G Wilson - Treasurer of CBEU and Mr. Kushan Wijayapala President of CBEU Branch of the Bank and other officials of the Branch Union representing the Ceylon Bank Employees' Union - made the occasion a remarkable moment in the Bank's proud history.