

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.

Jegan Durairatnam
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

The Bank is committed to upholding the Human Rights Standards enshrined in the Universal Declaration of Human Rights and the Conventions of the International Labour Organization. The Bank will not subscribe to or undertake any activity that could lead to the suppression of the human rights of its employees. All human resource related policies are formulated in accordance with these principles and also considering that the Bank is a signatory to the United Nations Global Compact.

The recruitment and career development policies of Commercial Bank provide equal opportunities for all citizens in the country irrespective of their race, religion, caste or gender. Employees are also free to join an employee organization of their choice who in turn would voice the concerns of the membership before the Management at various forums.

The Bank does not condone any aberrations from Human Rights such as forced / compulsory labour, discrimination and sexual harassment and is strictly adhering to the best practices, examples of which include being governed by the prescribed minimum age limit for employment, prescribed minimum/maximum working hours while allowing reasonable / stipulated breaks in between, implementation of health and safety related programmes for the benefit of the entire employee cadre and collective bargaining with employee organizations.

Commercial Bank's annual event calendar includes sports tournaments, children's parties, outbound training and quiz programmes focus on nurturing positive labour-management relations and employee engagement.

Labour

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

Action taken

In furtherance of Convention No.98 of the International Labour Organization on the 'right to organize and collective bargaining' and Principle 3 of the Global Compact, the Bank has afforded recognition to the two employee organizations established by the staff of the Bank and is engaging in Collective Bargaining with them. In doing so, the Bank also acknowledges that the 'right to organize' and the 'right to form and join a trade union' are fundamental rights granted to all citizens by the Constitution of Sri Lanka.

The Bank has two Collective Agreements and a Memorandum of Understanding dealing with wages together with several other benefits including work conditions, signed with the Ceylon Bank Employees' Union, an industry based employee organization and one of the largest Unions in the country. The ongoing Agreements are for the period commencing 1st January 2015 to 31st December 2017 and covers 2259 non-executive staff members and 926 Junior Executive officers.

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

Action taken

All recruitments are based on identification of the suitable competent individuals who meet the required job profile laid down and at all times the Bank recruit persons above the stipulated minimum age of 18 years. Employment will be on the free will of each individual, with no coercion by the Management.

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

Action taken

Commercial Bank has a zero tolerance of child labour. The Bank believes that all children under the age of 18 should have an opportunity to further their education and do not employ anyone under that age. "To support and further education in Sri Lanka" is one of the objectives enumerated in the CSR Trust of the Bank which coincides with the subject principle and the Bank's commitment to support school children and young adults to enhance their education standards.

Apart from above, the Bank's outsourcing Agreements with labour contractors requires that the Agency providing services or personnel to the Bank not to engage/supply persons who are under the age of 18years and as a condition of doing business with the Bank they must not employ or supply underage persons to other companies who may be obtaining services/personnel from them.

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

Action taken

The Bank espouses the 'equal opportunity' approach which is applied without reserve across every aspect of operation with the intention of building a highly motivated employee base. The Bank's human capital ethos place people at the centre. People are considered to be its most valuable asset and the manner in which the Bank has managed its people, without any form of discrimination taking place, has been a crucial contributor to its success.

Environment

7) Business should support a precautionary approach to environmental challenges

Action taken

The Bank as an entity could be said to have a relatively small impact on the environment (based on its direct activities such as energy consumed) or a potentially enormous one (through the environmental consequences of the commercial and other activities of its customers)

Whilst the Bank has in place a number of procedures aimed on minimizing its already modest direct impact on the environment, the main thrust of its environmental policy is aimed at mitigating indirect impact through the business and industrial activities it finances. The Bank does its best to ensure that the financing extended to its customers is used to set up and fund operations which are both sustainable and environmentally sound. Due to its genuine well defined approach, the Bank has not been involved in or been party to, any instance of non-compliance with environmental standards and the issue of payment of any fines has not arisen thus far.

8) Business should undertake initiatives to promote greater environmental responsibility

Action taken

Commercial Bank has in place a Social and Environmental Policy to ensure that effective social and environmental practices influence the activities, produce and services of the clients to whom it grants financial support.

The Bank encourages customers to adopt energy efficient practices in their businesses by providing loans for such purposes. The Bank also carries out training programmes on this subject through its e-Friends re-finance scheme.

As the Bank expands its presence it ensures that only approved land tracts are acquired for the purpose so that its activities do not upset the equilibrium of the eco-sphere and the attendant biodiversity.

There is a Social and Environmental Coordinator appointed, who reports to the Head of Corporate Finance who oversees the impact and assessment of sustainability issues of the Bank's operations and ensures that resources are made available for efficient management of same. It is the responsibility of such coordinator to ensure that all prescribed procedures are implemented for each project and that records of environmental reviews are maintained.

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

Action taken

Energy conservation and environmentally friendly measures pervade all the Bank's own building projects. Using variable air volume units in temperature control and ventilation systems that incorporate energy saving features are some examples in this regard. Energy is also saved by controlling the air conditioning facilities at the Head Office limiting such usage to normal working hours.

The Bank implements a garbage disposal system to ensure that waste is sorted to facilitate recycling of paper, polythene and organic waste. In this regard, staff is required to segregate waste material as 'Paper', 'Polythene', and 'Bio-degradable Waste' and store these materials in separate, colour-coded garbage disposal bins.

The Bank's "Green Loans" provide concessionary funding for those entrepreneurs who adopt environmentally friendly technologies. The Bank ensures that clients obtain the necessary environmental clearance as and when required including Environmental Impact Assessment of the project to be undertaken.

Further, 50 automated teller machines have been procured by the Bank from suppliers who comply with energy ratings and which are ROHS (Restrictions on Hazardous Substances) compliant.

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.

Annual Report Link –

<http://www.combank.net/newweb/annualreports/CommercialBankAR2014.pdf>