

2015

Sustainability Report

Taking Charge of Change

Human Capital

“Our people - an amazing collective of knowledge, skill and competency; they are a cohort of dynamic, motivated exceptional individuals who scale unexpected heights to deliver remarkable results.”

Strategic Priority: Transform Human Resources, Capability building and skill enhancement

Achieving our strategic priority

- 1,211 training programmes for responsive capacity building and in establishing a pool of knowledgeable skilled professionals
- 770 promotions to fuel expansion process
- Century Scorecard for branch incentivization implemented
- Revamping process of Performance Appraisal System (PAS) to Performance Management System (PMS) commenced in terms of greater fairness and standardization
- Incentivized performance, LKR 30.5 million paid out under the Century Scorecard
- Collective bargaining process augmented for better trade union relations; new agreement signed this year

Impact on other capitals

- It is our human capital that is tasked with driving profitability and growth and thus, enhancing shareholder returns, impacting our financial capital
- Proactive engagement to continue raising the bar in customer service and community engagement adds great advantages to our social and relationship capital
- The team's ready embrace of technological advancements impacts positively on our intellectual capital
- Enhancements infused into our manufactured capital are being optimized
- Focus on energy and waste management initiatives by the team has influenced positively on natural capital



No. of Employees

7,980



No. of Training Programmes

1,211

Risks/Challenges, Mitigators and Opportunities in Delivery of Strategic Priority

Risks/Challenges	Mitigators	Opportunities
Experienced staff retiring in considerable numbers	<p>New recruitments</p> <p>Training and development to meet career aspirations</p> <p>Talent management initiatives</p>	<p>Expansion of business opportunities due to upgrading of people skills</p> <p>Further automation</p> <p>Centralization of activities</p> <p>Use innovative mindsets to maximize on market dynamics and paradigms</p>
Minimizing attrition by managing external influences and fast changing career aspirations	<p>Enhancing equitable employee benefits and work-life balance to build loyalty and commitment</p> <p>Building attractive work environment through providing competitive salary and fringe benefits with enhanced career development</p>	Enhanced loyalty of staff fuels further industry leadership, paving the way for more accolades
Effective implementation of current succession plan	A comprehensive succession plan to optimize young pool of knowledge	Use young knowledge pools and skill sets to drive innovation and digitization
Specialized areas having insufficient skills and knowledge to cater dynamic industry requirements	Enhance efforts to acquire necessary skills through recruitments and developing internal staff	Newly acquired skills and knowledge can turn around lagging areas
Challenges in deploying team members into remote areas	District basis recruitment	Further penetration to rural sector

Our people – an amazing collective of knowledge, skill and competency; they are a cohort of dynamic, motivated exceptional individuals who scale unexpected heights to deliver remarkable results. This is our human capital, leaders who are the backbone of our Bank and the reason we continue to entrench the Bank as

leader in the industry as proven many times over.

This winning team encompasses young dynamism and experienced commitment, an unequivocal combination that gives us the competitive edge in the industry. It is this formula also that has added

a unique dimension to the way we think and work. To our people, this Bank is their bank, this business their business and the results, their results. This ownership dynamic is the reason that has enabled the team to Take Charge of Change without ambiguity or hesitation.

Human Capital

“We pride ourselves on possessing an excellent mix of various age groups equipped with a wide range of specialist knowledge, professional and academic standing.”

In Taking Charge of Change, Wenesa was welcomed, as here lay the prospects for the team itself to drive change. It is they who became change agents and enthusiastically began implementing the project, taking a leadership role in imbuing a customer oriented culture. Our objective is to mould each of our team to be professionals, high achievers and those unafraid of challenges; those who will treat stakeholders as assets and partner them in their journey.

Aligned with the Bank’s vision of being Bankers to the Nation, the HR vision aims at creating and sustaining a highly motivated exceptionally productive and empowered workforce that contributes towards corporate excellence. This encourages team members to play a partner who adds value to corporate objectives and the Bank in turn, becomes a partner in journeying with them to meet their career aspirations.



Gender Composition

Male : 52%

Female : 48%

Becoming a part of a winning team

Our full time workforce numbers 7,980, all of who are recruited through a stringent transparent recruitment process. The mix of age and gender remain fair and just, with geographic recruitment also being driven by skill, experience, location and practicality. In fact, district-wise recruitment is based on the work place being in close proximity to the recruit’s home, which yields better productivity and better work-life balance.

We pride ourselves on possessing an excellent mix of various age groups equipped with a wide range of specialist knowledge, professional and academic standing.

Workforce by Nature of Employment and Gender

Employment Base	2015				2014			
	Male	Female	Total	% by nature of employment	Male	Female	Total	% by nature of employment
Full time	3,571	4,409	7,980	86	3,966	4,611	8,577	87
Outsourced	1,238	31	1,269	14	1,267	27	1,294	13
On contract	6	-	6	-	7	1	8	-
Total	4,815	4,440	9,255	100	5,240	4,639	9,879	100
% by gender	52	48	100		53	47	100	

Workforce by Geographical Distribution

Region	2015			2014		
	Male	Female	Total	Male	Female	Total
Western province	1,580	1,940	3,520	1,787	2,150	3,937
Central province	280	379	659	315	378	693
Eastern province	260	166	426	280	173	453
Northern province	264	243	507	272	246	518
North Central province	278	287	565	304	274	578
North Western province	286	377	663	321	376	697
Sabaragamuwa province	222	302	524	233	300	533
Southern province	234	463	697	267	460	727
Uva province	167	252	419	187	254	441
Total	3,571	4,409	7,980	3,966	4,611	8,577
% by gender	45%	55%		46%	54%	

Workforce by Employment Category

Category	2015			2014		
	Male	Female	Total	Male	Female	Total
Corporate management	11	3	14	12	2	14
Executive management	47	6	53	44	6	50
Chief manager	65	37	102	66	34	100
Senior manager	115	65	180	116	59	175
Branch manager and other officer grades	1,365	2,024	3,389	1,519	2,032	3,551
Management trainees	52	155	207	70	184	254
Staff assistants and allied grades	1,403	2,105	3,508	1,532	2,201	3,733
Office assistants and allied grades	513	14	527	607	93	700
Total	3,571	4,409	7,980	3,966	4,611	8,577

Workforce by Age Distribution According to Employment Category

Age Distribution	18 - 24	25 - 34	35 - 44	45 - 54	55 - 60	Total
Corporate management	-	-	-	5	9	14
Executive management	-	-	-	11	42	53
Chief manager	-	-	2	29	71	102
Senior manager	-	-	49	47	84	180
Branch manager and other officer grades	-	1551	547	380	911	3,389
Management trainees	3	201	3	-	-	207
Staff assistants and allied grades	637	2,438	124	165	144	3,508
Office assistants and allied grades	21	151	167	111	77	527
Total for 2015	661	4,341	892	748	1,338	7,980
Total for 2014	1,088	4,127	782	842	1,738	8,577

Human Capital

“We are in the process of implementing a fully fledged Human Capital Management System which enables all HR processes to be technologically driven”

We have always been upheld as a preferred employer, a feature that is well evidenced with the low levels of attrition we have experienced. In fact, our employee retention is undoubtedly the highest among the industry, a reason we are very proud of given that the banking industry has relatively high turnover of employees as a general feature.

The Bank recruits mainly management trainees and trainee staff assistants which are entry level positions for new entrants to the workforce. We also gain the expertise of consultants for specialized fields on contract.

Vacancies are advertised through mass media, while specialized posts may be head hunted. Initial testing is conducted by the Department of Examinations or approved agencies, which vouches immensely for the transparency instilled in the process. This is followed by interviews. All recruits undergo a comprehensive orientation and induction process, which ensures they imbue the Bank's culture, values, ethics and code of conduct, while also acquiring the knowledge that they are stakeholders in the sustainability of the Bank.

During the year we have recruited four employees for the posts of curator (one male) and trainee legal officers (two female and one male)

Being technology driven

We are in the process of implementing a fully fledged Human Capital Management System which enables all HR processes to be technologically driven. This includes online applications for employment, promotions and job tests, employee profile management, HR business intelligence, benefit administration and a centralized time attendance system. The Document

Management System (DMS) has definitely gained momentum in usage, reaping in productivity benefits, as has the newly implemented Century Scorecard (CS) which has seen over 500 branches rewarded as an incentive for bringing in high levels of business. The tablet and desktop based business intelligence tool which is branded as “BOC 360”, enables a comprehensive monitoring of branch and provincial performance daily. It is significant that

Number of Employees Trained

Category	Number of employees				Average hours of training			
	2015		2014		2015		2014	
	Male	Female	Male	Female	Male	Female	Male	Female
Corporate management	11	3	12	2	109	53	51	32
Executive management	44	6	44	6	60	75	26	31
Senior management	327	221	303	172	45	60	33	48
Executives	1,095	1,772	1,464	2,006	27	23	20	24
Trainees and others	1,738	1,930	2,143	2,425	30	25	60	75
Total	3,215	3,932	3,966	4,611	271	236	190	210

Number of Training Programmes and Participants in 2015

Description	No. of training programmes	No. of Participants
In- House	773	23,515
Local Institutions	337	6,134
Overseas	101	275
Total	1,211	29,924

LKR 30.5 million was presented to branch team members in appreciation of them exceeding targets across a wide range of performance parameters, as analysed through the CS.

The PMS being currently revamped, is a key initiative in the technology driven HR transformation process. Introducing new features including standardized KPIs for each job role with appropriate weight given to each KPI and ensuring objectivity and measurability to ensure fairness, the PMS is all encompassing. A five point scale and detailed scoring matrix measures competencies, while a separate score standardization is inbuilt for head office and branch teams.

Building a Winning Team

Training, learning and development are integral to building a winning team, especially one that has Taking Charge of Change. There was a cohesive selection of training programmes that would best optimize the skills and competencies we have within the Bank. The training programmes spanned a wide range of knowledge gain aligned to meeting our strategic priorities and

individual career goals. These included customer care, communication skills, technical specialties, attitudinal change, leadership, soft skills and internal control, risk and compliance.

Talent Management

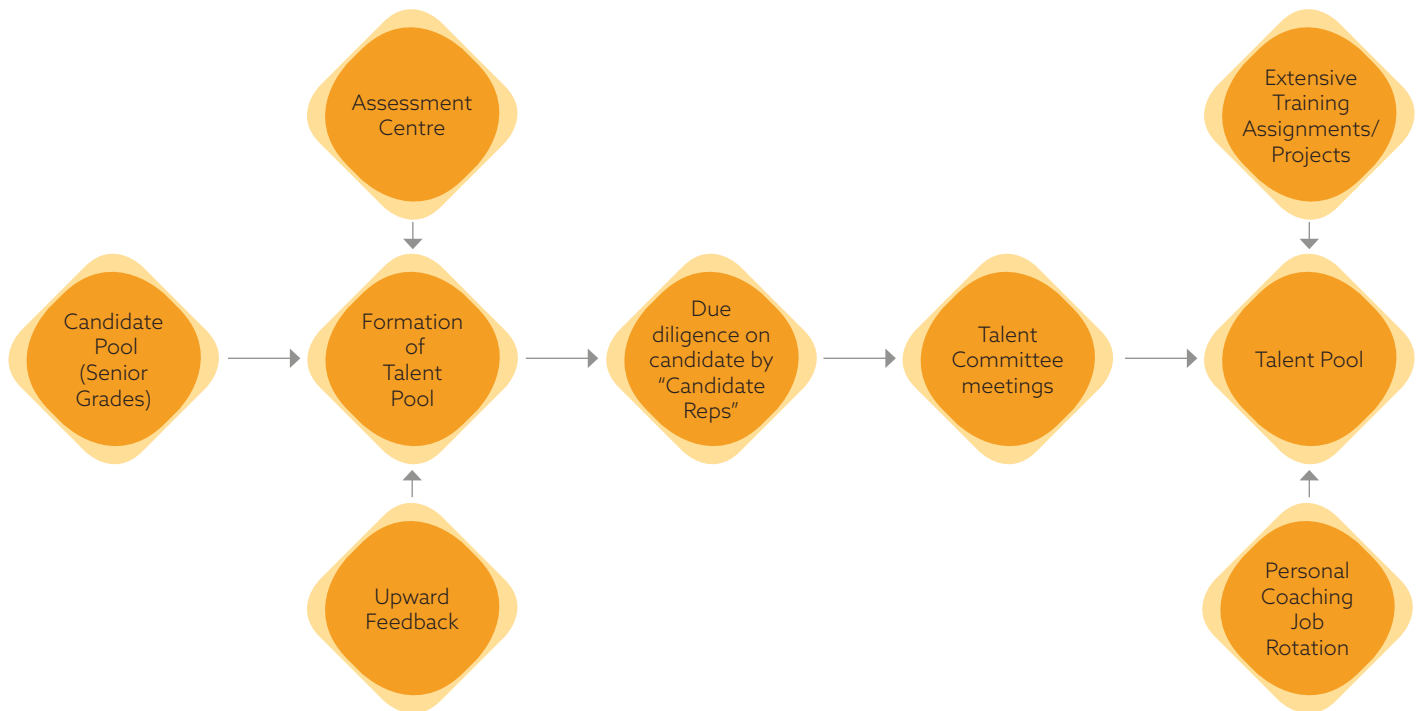
This year we began conducting an extensive talent management initiative for the Bank's leadership. As part of our succession plan, talent committees were formulated to ensure long term development of team members across different cadres.

With the formation of talent committees, inputs from each employee are examined by and from multiple sources. This gives a holistic view of the employee and his/her abilities and potential, leading to extensive long term training initiatives that include mandatory learning programmes, international secondments and role rotations.

Talent management process for the year 2015 is the new and the major task, which we are in the last stage to complete successfully. Grooming

future leaders are most wanted for the Bank. Therefore, it's essential to identify them; train them; placing the right person on the right job with the right talent and retain them in the organization.

We believe strongly that a team of this calibre needs to be constantly challenged. It is this that spurs innovation, critical thinking and an out of the box attitude. Identified team members are tasked with challenging responsibilities and duties including implementing and excelling in 5S, Best Branch competition and Century Scorecard, for which, appreciation is given via benefits, rewards and recognitions. This year we have recognized and rewarded team members for the Best 5S branch, having conducted a competition to inculcate the salient features of this Japanese productivity philosophy. Foreign scholarships are also conferred on those who have achieved targets and shown potential to grow. In addition, 556 commendations were also conferred during the year.



Human Capital

“Human capital has an utmost importance in our business and followings are key facilitations our employees in order to give them a better work experience at BoC.”

Human capital has an utmost importance in our business and followings are key facilitations our employees in order to give them a better work experience at BoC.

- Financial assistance : housing, vehicle and distress loans at concessionary rates, compensation in case of personal accident whilst engaged in official duties
- Encourages to constantly pursue academic and professional qualifications: financial support for professional and post graduate studies and reimbursement of membership fee of professional bodies, Library facilities
- Work-life balance remains fundamental to our human capital driving change: seven working days leave at a stretch for rest and relaxation , holiday bungalows and transport facilities at concessionary rates for family leisure activities
- Our team to be health conscious : workshops and lectures by doctors and other specialists, conducting yoga and aerobics classes and encouraging team members to follow the tenets embedded in “Nirogi Lanka”, while a gymnasium is at their disposal, comprehensive medical assistance.

Doing what's right

Embedded in our sustainability policy is a stringent focus on human rights. We will continue to support, respect and uphold all directives and guidelines for the protection of people as detailed in all internationally accepted human rights

declarations, which ensures that the Bank will never support nor defend any human rights abuses.

Our recruitment, promotions and succession plans are implemented with a high degree of meritocracy. An equal opportunity employer, we do not in any way subscribe to discrimination in age, gender, culture, ethnicity or religion. During the year we have promoted 349 male employees and 421 female employees, which adds upto 10% of total employee base. We eschew any form of child labour, a tenet we extend to our valued business partners, clientele and communities, rejecting the continuation or forging of any relationship if there is child labour involved in any way. We do not condone any form of forced or compulsory labour either.

We remain acutely aware of human rights and educate our team through workshops and exposure to various forums and campaigns, on their rights and the cascading of that information for a better informed workforce. This year we held a workshop that had modules dealing with human rights.

Being a state bank and an undisputed corporate steward which gives us immense responsibility in being a mentor and role model for the industry, we stringently abide by laws and conventions that govern employees. We adhere strictly to the diktats laid down by the Ministry of Labour and Trade Union Relations any relevant rules of the Ministry of Finance, Ministry of Public Enterprise Development and the Central Bank of Sri Lanka. We follow

all international conventions signed by the Government of Sri Lanka including the various ratified conventions of the International Labour Organization. All statutory and voluntary contributions including Provident Fund (PF), Employee Trust Fund (ETF), Gratuity, accidental benefits, and pension schemes are adhered to with no compromise.

We have always maintained an extremely cordial relationship with the trade unions. This is a partnership we consider healthy and progressive for the Bank and the team, believing strongly that a powerful singular voice for a collective group is always a judicious method of getting voices heard and issues resolved. 98% of our team, that is 7,806, are members of a trade union.

It is imperative therefore that the collective bargaining process is open and trusting, with each side committed to discussion at the bargaining table and ensuring that all decisions are carried through. The collective bargaining process invites discussion on proposals from all trade unions and is an open dialogue with all trade union representatives and management.

The collective agreements endorse bargained decisions on remuneration and non-remuneration benefits including medical benefits, overtime, leave encashment and bonus payments. These are discussed and renewed every three years. The collective remuneration agreement with the Ceylon Bank Employees' Union for the period 2015 to 2017 was agreed upon and inked this year.

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BoC has a whistle blowing policy which we feel is crucial in strengthening the ethics, morals, principles and accountability ethos we espouse. Each communication, whether by telephone call, letter or email is directed to Internal Audit, where the Internal Auditor would conduct an impartial investigation after which issues are resolved or called up for further discussion.

We also established an employee grievance handling policy, giving team members the option of bringing their grievances to the notice of their superior via speech or written missive. The complaint then goes through the well laid out grievance mechanism procedure, in seeking a solution.

Human Rights Grievances

	Number
Brought forward from 2014	11
Total number of grievances reported in 2015	12
Total number of grievances addressed in 2015	(12)
Total number of grievances resolved in 2015	(4)
Total number of grievances outstanding at the end of the year 2015	7

Strengthening employee relations also requires a comprehensive occupational health and safety policy. The Bank is currently in the process of formulating one, comprehensively taking into account all aspects of occupational health and safety in the various locations in which we have deployed team members.

Employee Turnover

Retired

Age Category	Gender		Total
	Male	Female	
46 - 55	18	21	39
55>	345	158	503
Total	363	179	542

Resigned

Age Category	Gender		Total
	Male	Female	
<25	1	11	12
25 - 35	7		7
36 - 45	2		2
Total	10	11	21

Communication

Team members have access at any time to their immediate superiors, while more senior management will be open for discussion on immediate notice. We consider this open communication process a vital conduit in maintaining the trust, loyalty and commitment of our team. An open door policy exists in most instances, while written submissions are also entertained for any issues that arise.

We use numerous methods of communicating with our team members, from notice boards to newsletters and group meetings. Instilling a sense of ownership in our business is critical in sustaining our human capital and suggestions are encouraged for business improvements and development. HR day has always been a successful initiative at opening communication channels. All these have been instrumental in creating a culture of open communication where opinions are widely encouraged and views and beliefs supported.

What our stakeholders can expect in 2016 and beyond

With the transformation programme having embedded HR as the axis of seeing the programme to fruition, the emphasis on developing, upskilling and empowering our team remains in primary focus. The Performance Management System becomes completely operational in the next year to ensure greater fairness in performance appraisal, the establishment of an HR Help Desk and a comprehensive Occupational Health and Safety Policy becomes effective as part of our initiatives in developing and enhancing our human capital. A Code of Ethics is also being developed to improve compliance with internal and regulatory directives, while holistic training and learning programmes will be matched and developed to suit changing paradigms and personal objectives and aspirations. We will also be engaged in regular recruitment for development of human capital and to resolve demographic issues.

Intellectual Capital

Strategic Priority: Offer customers a best in class experience

Achieving our strategic priority

- Penetrative IT infusion continuing
- Cohesive networking and automation process of every function, department and process ongoing
- Pioneering and state of the art software adding value
- Core banking solution, the very first installation of its kind in Asia, implemented
- Large network online branches
- Ambitious technology projects completed end 2015
- No. 1 Brand for eighth consecutive years; Brand value increased to LKR 41.4 billion

- Only Sri Lankan entity to be named among top 1000 banks in the world as well as among Top 5 Banks in Asia Pacific (excluding China and Japan) in terms of return on capital by the world's premier banking and finance magazine, 'The Banker'.

Impact on other capitals

- Our human capital enriched with technical know-how, vast experience has been the driver in leading the transformational process to achieve this strategic priority
- Intellectual capital has enabled us to strengthen our social and relationship capital instituting better systems and processes for faster, speedier delivery

- The foundation for a paperless working environment has been constructed through the use of intellectual capital, permeating positives on the astute use of our natural capital
- The tangible and intangible benefits emanating from the implementation of our intellectual capital is and will continue to impact our bottom line and hence our financial capital
- Our manufactured capital is the structure upon which our intellectual capital has to be constructed, whether in brick and mortar structures or in investment in technology

Risks/Challenges, Mitigators and Opportunities in Delivery of Strategic Priority

Risks/Challenges	Mitigators	Opportunities
Maintaining position of BoC Brand	Initiatives to increase Share of Voice and Share of Mind	Emerging innovative brand building opportunities
Maintaining leadership in a highly competitive environment and aggressive competition from other banks	Optimizing on each of our capitals to benchmark ourselves against global industry leaders	Government's focus on technological advancement can support to stay competitive and maintain our leadership
Ability to leverage digital disruption to enhance customer experience while creating competitive advantage	Using the expertise of highly and professional IT business analysts to build intellectual capital	Technological advancement will be able to capture increased demand for IT related services
Faster responsiveness to dynamic industry	Strengthening Research and Development department and strong marketing structure	Optimize usage of knowledge and technology will lead for innovative products
Need to focus on Gen-Z and their fast evolving aspirations	Higher visibility on social media and technological apps being introduced for use of Gen-Z Brand visibility and perception to be continually analysed to keep up with times	Addressing Gen Z will ensure market leadership in coming years



Recognizing that intellectual capital is truly a business asset, this is a capital however that can be challenging in measuring, given that by its very nature it is intangible. These are critical to the organization and can provide significant competitive advantages. However, it is also a capital that plays an integral role in delivering customers business class experiences. In delivering this, we have identified our intellectual capital as being in our brand which includes products and intellectual property and in IT systems, procedures, protocols and software, which form the foundation in developing this capital, which for the most part remains intangible when integrated into the larger scheme of things.

The range of technology choices we identified in transformation process forms the base in meeting our strategic priority of offering our customers a best in class experience. Every single facet of the transformation process revolves around this as it is our customers who ultimately decide on the success and sustainability of the Bank. We have developed and are continually developing our expertise

and experience to meet this objective. Drawing from our legacy of 76 years, the international and local accolades we have received because of this focus has added to our intellectual capital.

Achieving long term sustainability through technology

The comprehensive strategy for IT is one built on total automation

of business critical processes. It establishes a stringent IT governance and project management mechanism that incorporates IT-strategic software and applications. Gaps and weaknesses were identified, while IT security was strengthened. Compliance was also focused on to ensure stringent measures with security frameworks.

Driving customer experiences directly

- ⦿ BOC SmartGen – the new pass bookless savings account
- ⦿ Instant debit card issue
- ⦿ Queue Management System
- ⦿ Demand Management Process
- ⦿ Document Management System
- ⦿ SMS alerts
- ⦿ Wider accessibility via ATMs
- ⦿ Introduction of Cash Deposit Machines through establishment of Smart Zones
- ⦿ Establishment of Regional Loan Centres covering all provinces
- ⦿ Multi-lingual mobile banking solution
- ⦿ Online facilities payment system introduced for customs, ports, utilities, insurance

Intellectual Capital

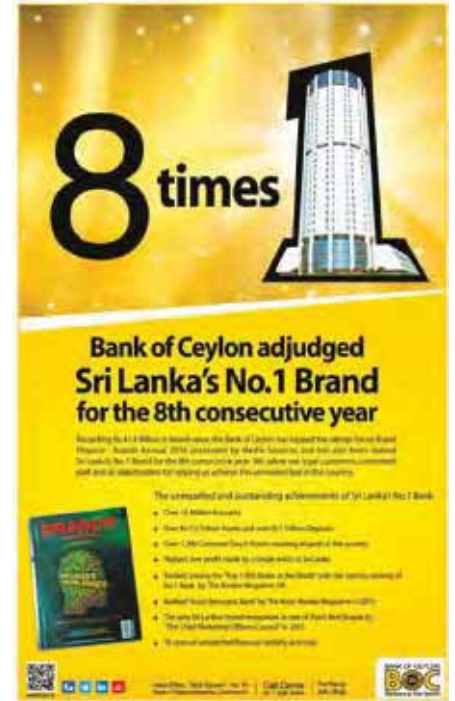
“We now possess the latest upgrade of Fiserve Core Banking Software, Signature 10.1, the very first installation of its kind in the Asian region.”

Driving customer experiences indirectly

- Core Banking Solution, an empowering tool for total integration of systems and processes
- Implemented Finacle, the new multi-currency treasury software system
- Real time transfers initiated by joining CEFT (Common Electronic Fund Transfer) Switch and the Seychelles Common Payment Switch (SEFT)
- 100 back up communication links provided to branches
- Server Virtualization in the process of enhancing DMS and risk management
- Automated toll collection solution implemented on highways for real-time toll collections
- Implementation of Performance Management Tool and Century Scorecard driving attitudinal change among team pushing higher levels of customer service
- Anti-money laundering solution streamlined
- Quality Assurance Policy and procedure for in-house and third party software development

Customer benefits

- Quick banking devoid of manual intervention via Smart Zones
- Improved internet banking solutions
- Real time activation of debit cards and internet banking
- RLCs enables quick and efficient loan disbursement
- Multi-lingual mobile banking solution addressing all communities
- Assurance on better risk and security management
- Minimized hassle in customs, utility, insurance payments due to online facilities



Brand image

Building brand image is challenging, given that a brand must remain contemporary, while also holding fast to its heritage and intrinsic values. Brand building is integral to strengthening our intellectual capital and thus brand equity in tandem. With our brand equity evaluated at a phenomenal LKR 41.4 billion by Brand Finance Lanka, a subsidiary of Brand Finance (UK), the highest in the country, BoC believes that being the No. 1 brand in the country has surely augmented the best in class experience being extended customers.

Our IT delivery processes revolve around our vision of being Bankers to the Nation and thus the concept of absolute and complete financial

We have plans to design an Integration Strategy and Roadmap to enable large scale deployment and implementation of new system solutions

inclusivity. By making banking accessible to those who have been excluded from the conventional financial and banking system, our intention is to deliver best in class experiences and entice them to become financially independent and sustainable. This is augmented by our IT deliverables rolled out through the entire branch network to ensure equal distribution throughout.

Our Core Banking Solution encompasses some of the most state of the art software available in the global financial industry. We now possess the latest upgrade of Fiserve Core Banking Software, Signature 10.1, the very first installation of its kind in the Asian region. Overall bandwidth has been upgraded to cover the entire branch network and the increasing volumes of data transfers at high speed.

What our stakeholders can expect in 2016 and beyond

Technology will continue to be the driver in 2016 and beyond with each innovative initiative gaining state of the art technology input that will enable BoC to stake further claim to its leadership. By expanding 24x365 banking facilities for better accessibility and flexibility using integrated IT platforms, segmentation of debit cards to minimize risk and add flexibility, enabling e-commerce and multi-

currency transactions for debit cards, developing Internet based solutions for corporate customers and activating a debit card solution for dollar accounts and for overseas branches, we are surely enabling our stakeholders to gain unprecedented technological advantages via their banking partner. Another initiative will be integration of credit card systems the Core Banking Solution.

There will be further interaction integrated into mobile and social media with the development of apps, SMS alerts to mitigate money laundering activities, ATM and debit card system integration with "Prime 4", (the new credit card online system), expansion of Contact Centre facilities and an audit tool implementation. We are also introducing an online payment facility for exchange houses.

We have plans to design an Integration Strategy and Roadmap to enable large scale deployment and implementation of new system solutions for Integrated Risk Management, Asset and Liability Management, Nostro Reconciliation, Trade Finance, Gold Shop Operations. All this will be ably supported by a strong corporate image with strategic visibility and corporate brand building.

Manufactured Capital

Strategic Priority: Build delivery channels and technology capabilities

Achieving our strategic priority

- ⦿ IT infrastructure, networking back office and front office support functions being implemented cohesively
- ⦿ Strong IT infrastructure base
- ⦿ Branch network five new branches, seven Regional Loan Centres, 14 Cash Deposit Machines, 11 ATMs were added during the year
- ⦿ Average transactions per CDM : 250 per day
- ⦿ ATM withdrawals increased in excess of 35%
- ⦿ Branch facets upgraded for corporate brand uniformity
- ⦿ Enhanced infrastructure through the 50 new fortune branches established

Impact on other capitals

- ⦿ In expanding our accessibility through branch expansion, technology automation and networking, not only to the furthest parts of the country but overseas as well, we have augmented our social and relationship capital with our customers and valued business partners.
- ⦿ The need for state of the art systems and processes are mandatory for BoC to achieve its vision and mission. Hence, the software and programmes installed in our digitization process has added considerable impetus to our intellectual capital.
- ⦿ Our team has been an integral facet in meeting our strategic priorities. Our human capital has been proactively engaged in enhancing

the infrastructure capacities and look of our brick and mortar structures. They have also been readily willing to accept the changes that come with the implementation of our IT strategy.

- ⦿ The energy saving measures introduced into our branch network and the journey towards paperless transactions mooted by our IT architecture has had a positive impact on our natural capital.
- ⦿ Significant investment has been infused in improving and developing our physical IT infrastructure and maintaining our physical presence in an intensely competitive operating environment. Our financial capital will gain in profitability with the new technology strategies and expanded accessibility of our network.

Risks/Challenges, Mitigators and Opportunities in Delivery of Strategic Priority

Risks/Challenges	Mitigators	Opportunities
Constantly evolving and advancing IT infrastructure implemented by competitors	Developing end-state IT architecture that is vigilant about change.	Government emphasis on technological inputs and IT related services
Customers not requiring physical infrastructure for banking needs	Branches being conceptualized to have proactive infrastructure to become one stop financial solution providers	Obtain competitive advantage through IT driven milieu.
Expansion of branches into global context	Studying feasible regions more attentively for locating branches strategically.	Planned expansion into Asian Region

“The Core Banking System completed its transition in 2015, introducing a host of software for better channel, product and service management.”



The fully fledged Fortune branch in Maharagama

Our manufactured capital encompasses the physical infrastructure of all our buildings and the technology architecture we have in place. Some of these are located in countries where we have a physical presence including London, Chennai, Seychelles and Male. We recognize that these contribute significantly to our productive activity and thus improving our levels of productivity and profitability. By managing our manufactured capital efficiently, we have seen new revolutionary capabilities being introduced and more prudent use of resources. Astute investment in manufactured capital also drives innovation, leading to greater flexibility and sustainability.

It is our transformation process that drives our focus to achieve this strategic priority of building digital channels and technology capabilities. In analyzing the banking milieu, it became imperative that BoC keeps up with the revolutions

prompted by technology and the technology channels and capabilities being mooted by competitors. BoC's IT infrastructure required a revamp and has now begun the comprehensive journey of change.

The Core Banking System completed its transition in 2015, introducing a host of software for better channel, product and service management. The number of key systems have been integrated into the Core Banking System to reduce manual man hours. Besides the software, the new front end solution with a special centralized distribution architecture worked through centrally located virtual servers is impressive. 170 virtual servers run on 8 physical servers, saving cost of network power and space.

All 578 branches and 47 other service points have now been networked including the Head Office. In building digital channels and technology

capabilities and in expanding the physical presence of our branch network, we maintained focus in strategically locating our branches and in pursuing overseas locations that have potential. During the year we have invested in relocating 14 branches and opening up five branches.

Infrastructure-wise, one of our biggest achievements in channel development is the transformation of some branches to have self service lobbies. These SmartZones, 50 were established this year, have multiple self service machines including ATMs and CDMs.

The investment into Regional Loan Centres and the related technological capabilities has been greatly beneficial in prompting accessibility and speedy responsiveness.

What our stakeholders can expect in 2016 and beyond

Our infrastructure is being improved in tandem with our technological ambitions and this means ensuring our touch points and accessibility augments top of mind recall. Some of the manufactured capital initiatives launched this year under the transformation programme will continue, well on the path of meeting the goals we have set out. By end 2016, we would have increased the number of SmartZones by 150 to total 200, established twenty RLCs, expanded the branch network by seven and overseas branches by two, installed more CDMs and implemented a full upgrade of systems software constructed on the IT infrastructure architecture now being established.

Social and Relationship Capital

Strategic Priority: Contribute to nation building as Bankers to the Nation

Achieving our strategic priority

Education

- Conducted 'Hapana Programme' to assist grade five school children who sit for the Scholarship exam through 65 programmes covering more than 25,000 students island wide.
- Offered 2,000 scholarships of LKR 10,000 each for grade five students who excelled in the Scholarship Examination.
- 20 Merit Scholarships of LKR 35,000 each and 75 General Scholarships of LKR 30,000 each were awarded to 18+ account holders who excelled in GCE (A/L)
- Provided more than 131 sponsorships related to the education purposes amounting to LKR 9.25 million

National Heritage

- Sponsored cultural pageant of historical significance including the Kandy Esala Perahera, Gangaramaya Nawam Maha Perahera and Daladamaligawa to protect our traditions and cultural identity amounting to LKR 47.7 million.

Livelihood Development

- Island wide Dengue Prevention Programme under direct supervision of branches

- Committed for Installation of a Reverse Osmosis Plant at Mahadiulwewa with an aim to assist prevention of Chronic Kidney disease
- Early childhood development programme in Uva Province - LKR 1.0 million

Entrepreneurship

- 310 BOC Mithuru poverty alleviation societies formed covering more than 124,000 members
- 15 SME centres island-wide
- Business development services established to enable SMEs gain knowledge and skill on business practices, R & D, value addition, product diversification and marketing
- SME clusters formulated for inter-firm linkage for technology transfer
- Three workshops on financial literacy and related training and learning initiatives covering 200 participants

Sports

- LKR 1.5 million contribution for participants - "World Games in USA 2015 "

Impact on other capitals

- Building relationships with our stakeholders including regulators and communities translate tangibly to our financial capital
- Human capital drives our stakeholder engagement and thus impacts our social and relationship capital via the strong relationships we have nurtured with communities, valued business partners and clientele
- A strong foundation of ethics, values, sincerity of action, transparency, compliance, accountability and a need to do good every time, enables BoC to grow its brand equity and build a powerful intellectual capital base
- Initiatives launched for both customers and communities have a strong environmental ethics base and thus impacts our natural capital
- Our manufactured capital, primarily customer touch points carry a good mix of technology, both through the back and front offices, as well as physical infrastructure, enables strong relationship building across all stakeholder segments

We have always maintained a holistic view of the Bank's activities, reminding ourselves constantly that it is our strength in relationships that will be the sustainable foundation in keeping our business constant and consistent.

Risks/Challenges, Mitigators and Opportunities in Delivery of Strategic Priority

Risks/Challenges	Mitigators	Opportunities
Constantly maintain a vigilant stance on community requirements	The team constantly engaging with communities around them constructing more cohesive dialogue platforms	This will be a step towards a multi cultural customer base
Making CSR initiatives more visible and creating positive impacts in society	Creating high visibility via brand image	Customers being more discerning and hence recognizing our value propositions
Young children being distracted by external facets and not valuing the power of saving	Building relationships with Gen-Z by offering technology driven mobile app products	Tech savvy younger generation will be attracted
Maintaining ethical business practices	Raising awareness on BoC's uncompromising stance on ethics	Further differentiate Bank's service quality from the rest



Formulation of the BOC Mlthuru Society

While our Sustainability Vision works believes strongly on sustainable development through the triple bottom line, our core understanding is that sustainability is a lifestyle, which to us is the strategy that reflects the way the Bank decides, act and impacts stakeholders.

Encouraging our team to build sustainable relationships across our stakeholders is the first step. Then, remembering our responsibility towards communities and the nation as a whole means that our values must be intrinsic to the way we operate. These values must translate into action and from thereon, into results. It is

this focus in relationships that enable us to contribute to nation building, because we become the drivers of change, the drivers of empowerment and the drivers of vision. We build leaders, we build communities and we build foundations in ethics, morals and principles.

Two key questions we always ask ourselves are:

What is the business doing?
What is the business planning to do?

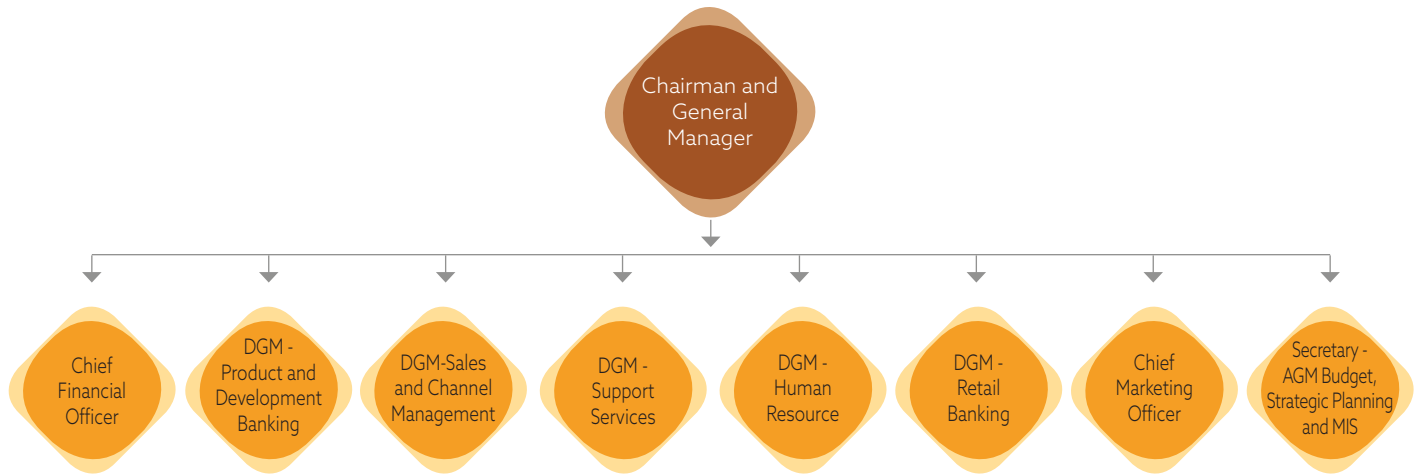
This forms the foundation to operating a sustainable business constructed on sustainable relationships.

In our Social and Relationship Capital report, we take stock of the resources we have in creating and nurturing relationships. While our human resources and most of our customer service initiatives are covered in other capital reports, we would like to concentrate on our relationships with the community in this section.

Our triple bottom line is governed on a top down approach that permeates across the nearly 8,000 team members. Spearheaded by the Chairman and Board of Directors who set strategy, a dedicated Sustainability Committee regularly met on matters pertaining to strategy, policy, implementation, monitoring and impacts. The ultimate goal is to deliver value where we contribute to nation building through cohesive consistent principles and best practices as Bankers to the Nation.

To gain the desired returns on the investment we have infused into our capitals, it is imperative that our stakeholder engagement process is inclusive, open, transparent and most of all, responsive. Given below is a comprehensive explanation of our stakeholders, the engagement process and frequency, issues highlighted and responded to.

Social and Relationship Capital



Stakeholder Engagement

Engagement Mechanism	Frequency and Communication Channel	Engagement Framework	Identified Needs	Solutions/Needs Implemented
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Employees

<ul style="list-style-type: none"> ⦿ Employee engagement surveys ⦿ Consultative meetings with the trade unions ⦿ Employee suggestion schemes ⦿ Grievance reporting procedure ⦿ Social entertainment and sport events ⦿ Welfare facilities to staff members ⦿ Performance Appraisal system 	<p>Annually</p> <p>When a need arise</p>	<p>We will invest in developing our employees in an environment where they are treated with respect, while their professional development and economic well-being is enhanced.</p>	<ul style="list-style-type: none"> ⦿ Development and career progression ⦿ Performance enabling environment ⦿ Work life balance ⦿ Health and safety ⦿ Collective bargaining ⦿ Equal opportunity ⦿ Special needs of key groups such as women 	<ul style="list-style-type: none"> ⦿ An attractive salary increase given for all bank employees during the year. ⦿ Incentive bonus and annual bonus paid ⦿ Financial support for professional and post graduate studies, reimbursement of membership fee ⦿ Comprehensive medical scheme, holiday home facilities, subsidised meals for staff at head office and subsidised transport facility for all staff ⦿ Accident leave and compensation payments ⦿ Providing facilities for health and well being of the staff e.g.: Gymnasium, Library, Yoga ⦿ Initial discussions have been commenced on increase of non salary benefits
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Fulfilling Social responsibility mandate

Engagement Mechanism	Frequency and Communication Channel	Engagement Framework	Identified Needs	Solutions/Needs Implemented
Customers				
<ul style="list-style-type: none"> ◉ Online and local engagement by branch teams and relationship managers ◉ Customer satisfaction surveys ◉ Production, promotion campaigns and facilitation programmes ◉ Province customer day 	Regularly	We uphold the rights of our customers in line with our customer charter ensuring that they understand the terms and conditions relating to services accessed by them.	<ul style="list-style-type: none"> ◉ Customer service ◉ Convenience of transacting ◉ Up holding customer charter ◉ Improving financial inclusion through appropriate products, education advice and consultation ◉ Communication in language of choice 	<ul style="list-style-type: none"> ◉ Well scattered branch / ATM network enabling easy access to the customers. ◉ Diversified product portfolio from childhood to elders ◉ Speedy delivery e.g.: housing loan within two weeks by two visits ◉ Technology driven e.g.: e- banking facility, smart zone, and Smart Gen account ◉ Micro financing and SME banking
Investors				
<ul style="list-style-type: none"> ◉ One to one meetings with large investors ◉ Relationships with intermediaries ◉ Investor presentation ◉ Road shows 	When the need arises	We commit to providing a balanced review of our performance and prospects in our communications with investors ensuring a competitive return to their investment	<ul style="list-style-type: none"> ◉ Comprehensive but concise information on operations and future out look at regular intervals ◉ Returns commensurate with risks assumed ◉ Exit mechanisms 	<ul style="list-style-type: none"> ◉ Rated by international and local rating agencies and continuous review ◉ Financial Statements are published on a quarterly basis in web and newspapers and comprehensive Annual Report in Sinhala , Tamil and English language along with audited financials are published annually ◉ Complied with all regulatory guidelines

Social and Relationship Capital

Engagement Mechanism	Frequency and Communication Channel	Engagement Framework	Identified Needs	Solutions/Needs Implemented
Government and Regulators				
<ul style="list-style-type: none"> Periodic meetings with Regulators, Government on matters relating to performance and compliance Meetings, policy trend analysis and industry forums Continuous updating based on regulatory requirement of Government and regulators 	Regularly	The Bank is committed to meet its economic, social and environmental obligations in line with the country's strategy. The corporate plan of the Bank has adopted a sustainable integration programme with Government's development programme.	<ul style="list-style-type: none"> Stability and growth of financial sector Large funding needs of the Government's capital expenditure Responsible business practices Alignment of national priorities to Bank's strategy Financial inclusion Financing and facilitation of Infrastructure projects Compliance with regulatory direction and contribution to on-going dialogue on financial sector reform Value addition 	<ul style="list-style-type: none"> Value added to government during the year - LKR 21,129 million Major contributor to government projects, through SOEs Facilitate to implement Government policies
Community				
<ul style="list-style-type: none"> Local branch engagement, media, social events and sponsorships. Higher degree of participation 	When the need arises	We engage with local communities to develop economic activity providing opportunities and facilitating their socio economic well-being.	<ul style="list-style-type: none"> Responsible business practices Community development Community empowerment Employment Financial strength and credibility 	<ul style="list-style-type: none"> CSR activities Micro financing and SME Banking

Engagement Mechanism	Frequency and Communication Channel	Engagement Framework	Identified Needs	Solutions/Needs Implemented
Suppliers and service providers				
<ul style="list-style-type: none"> ⦿ Regular meetings, written communication ⦿ Transparent bidding process ⦿ Relationship building 	When the need arises	We recognize excellence in service by our suppliers and look to support their growth through mutually rewarding partnerships.	<ul style="list-style-type: none"> ⦿ Business growth ⦿ Ease of transacting ⦿ Strategic partnerships ⦿ Transformation in procurement process ⦿ Open communication ⦿ Transparent and equal opportunities on green criteria 	<ul style="list-style-type: none"> ⦿ Responsible business practices

Building Ethical Relationships

BoC maintains a sound relationship with industry regulator and relevant authorities, ensuring compliance remains beyond the accepted norms. Being a state bank, we also maintain apposite relationship with the Auditor General, although we follow stringent corporate guidelines in our management, accounting, governance and compliance practices.

The high levels of transparency and disclosure has surely reiterated the integrity of the Bank in ensuring that we are a benchmarked leader and role model to the nation. Our high levels of governance are further elaborated on in the Corporate Governance section of this report on pages 120 to 148.

An ethical culture is intrinsic to our values and the way we do business. It is vital to the foundation we build our relationships upon.

Hence we:

- ⦿ Conduct all business ethically and transparently
- ⦿ Conform to a culture beyond compliance
- ⦿ Have high levels of disclosure, transparency and accountability to maintain the integrity of the Bank
- ⦿ Do not condone any forms of bribery, corruption or extortion
- ⦿ Ensure that advertising and promotions are responsible, clean, unambiguous and accountable
- ⦿ Always adhere to a stringent voluntary code of conduct in ethical marketing and advertising, ensuring that no discrimination, harm or abuse by gender, age, culture or religion, will impact those directly or indirectly involved through our marketing and promotional campaigns

- ⦿ Ensure that customer rights are not violated and they are treated fairly and vulnerable customers are not targeted in any way
- ⦿ Have a high compliance threshold on anti-money laundering activities

Our customers and valued business partners therefore are well aware of our unrelenting focus on responsible business practices, whether in product development, marketing, delivery in being a responsible custodian of public funds. We have always espoused a responsible lending ethic, integrating social and environmental criteria into our lending strategy and ensuring that our funding channels reflect this responsibility. We have also initiated an Environmental and Social Management System (ESMS) to add more value to our relationships. We remain always mindful of our custodian

Social and Relationship Capital

responsibilities that lie at the heart and soul of contributing towards nation building as Bankers to the Nation.

Strengthening Relationships with Customers and Value Business Partners

For customers, we

Make innovation key in product development.

Ensure quality and service delivery is above par.

Evaluate customer surveys including satisfaction surveys for better understanding.

Imbue openness and transparency in all dealings.

For suppliers, we

Ensure adherence to prescribed sustainability standards via supplier rating system.

Encourage permeation of best practices in both a social and environmental context.

Avoid relationships with any entity involved in unethical practices in any form.

Product Development and Responsible Investment

Having always upheld the importance of developing our product and service portfolio under the banner of being a leading corporate steward, BoC's product development policy firmly revolves on the axis of delivering unique and innovative solutions that add value to customers, but with an added focus on products that would generate environmental and/or social

benefits. Our emphasis therefore on developing solutions for the unbanked population and encouraging them into mainstream banking, growing microfinance and the SME sectors and lending to eco-friendly projects, reflects this stand. Our investment strategies integrate environmental and social criteria with greater emphasis. We also invest in projects and entities that will generate employment within the country, especially in the more difficult or rural based areas to make those communities more self-sufficient and on the macro scale, invest in developing the economic infrastructure of the country.

Precautionary Approach

We accept Principle 15 in the Rio declaration of 1992 and are using this principle, as the situation demands, in finding the balance between sustainability and development.

Membership in Industry Related Associations

- Asia Pacific Rural and Agricultural Credit Association (APRACA)
- Association of Banking Sector Risk Professionals, Sri Lanka
- Institute of Bankers of Sri Lanka
- International Chamber of Commerce, Sri Lanka
- The National Chamber of Commerce, Sri Lanka
- Sri Lanka Banks Association (Guarantee) Limited
- Sri Lanka Law Library
- The Ceylon Chamber of Commerce
- The Financial Ombudsman of Sri Lanka (Guarantee) Limited

- Association of Compliance Officers of Banks, Sri Lanka
- Bar Association of Sri Lanka

Creating Value for our Communities

Our sustainability strategy is well thought out. It is constructed on the trusses of creating sustainable value that translates into economic growth, for the individual, community, industry and nation. Driving this strategy is our team, our human capital who engage with our communities at heightened levels, whether in responsibly communicating social strategies to customers and valued business partners or in volunteering time and energy with our communities. Our CSR platforms encompass a wide array of community sustainability ventures that ultimately spur national economic growth.

What our stakeholders can expect in 2016 and beyond

The transformation programme has driven us to look inwards even more deeply at our social and relationship capital, encouraging us to constantly innovate a product portfolio that is diverse and expansive, with appeal to all demographics of customer genres. This will augment a more proactive engagement with our stakeholders. We will also continue our strong dialogue and engagement with regulators and related entities to maintain absolute vigilance on governance and compliance diktats, given the constantly evolving compliance milieu we operate in. We will continue and enhance our corporate social responsibility mandate further while delivering our fullest contribution to society.

Value Addition Statement

How we add value to nation

Economic Value Addition

Economic Value Added (EVA) indicates the true economic profit of a company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. EVA of the Bank stood at LKR 16,819 million as of 31 December 2015 against LKR 14,729 million in 2014.

	2015 LKR million	2014 LKR million	Change %
Invested Capital			
Shareholders' funds	81,485	74,806	9
Add: Cumulative provision for loan losses and provision for impairment	44,666	36,882	21
	126,151	111,688	13
Return on Invested Capital			
Profit after taxation	17,357	13,574	28
Add: Provision for loan losses	7,317	7,911	(8)
Less: Loans written off	(109)	(55)	98
Total return on invested capital	24,565	21,430	15
Opportunity cost of invested capital*	(7,746)	(6,701)	16
Economic Value Added	16,819	14,729	14

* Calculated based on weighted average 12 months treasury bill rate

6.14%

6.00%

Value Addition Statement

Value Addition

An analysis of the Bank's value creation and allocation among the key stakeholders is depicted below.

	2015 LKR million	2014 LKR million	Change %
Value Added			
Income earned by providing banking services	128,078	118,513	8
Cost of services	(55,361)	(59,923)	(8)
Value added by banking services	72,717	58,590	24
Non - banking Income	4,837	8,033	(40)
Impairment charges for loans and other losses	(7,317)	(7,911)	(8)
	70,237	58,712	20
Value Allocation			
To employees			
Salaries, wages and other benefits	16,744	13,716	22
To Government			
Dividends paid to Government of Sri Lanka	6,346	6,846	(7)
Super gain tax	2,016	-	
Income tax	7,951	5,602	42
Value added tax	4,816	4,052	19
	21,129	16,500	28
To providers of external funds			
Interest on other borrowings	16,971	13,808	23
Interest on debt issued	5,037	5,654	(11)
	22,008	19,462	13
To expansion and growth			
Retained profit	8,995	6,728	34
Depreciation and amortization	1,391	1,191	17
Deferred taxation	(30)	1,115	(103)
	10,356	9,034	15
	70,237	58,712	20

Natural Capital

Strategic initiative entrenched within our Sustainability Policy: Minimizing carbon footprint

Achieving our Strategic Initiative

- Total compliance with environmental regulations and waste disposal mechanisms as applicable to our business operations.
- 71,223 kg paper recycled.
- Paperless processes reduced with introduction of DMS and technology driven products and processes.
- 100,000 saplings planted for 75th anniversary being nurtured.

Impact on other capitals

- The usage of energy, especially electricity from the national grid and water impacts our manufactured capital. Head office and branches conforming to all environmental regulatory diktats relevant to the financial services industry.
- Better management of natural capital drives our human resources to work more intimately with stakeholders on better environmental mindset and practices.

- Prudent natural capital management including innovative eco-friendly product development translates prudently to our bottom line impacting our financial capital.
- Our customers, valued business partners and communities expect us be responsible in managing natural capital and be a role model, positively impacting our social and relationship capital.
- Innovation of technologically driven products that drives better resource management elevates our intellectual capital into championing paperless banking.

Risks/Challenges, Mitigators and Opportunities in Delivery of Strategic Priority

Risks/Challenges	Mitigators	Opportunities
Competitors being more visible in environmental initiatives	Continuing innovation and product development initiatives for environmentally friendly products	Massive upward trajectory of customers preferring technologically driven products which prompts a cascading impact on carbon footprint
Senior citizens preferring conventional banking products and hence higher physical resources required	Team engagement with senior citizens to evaluate their usage of technology and persuade transition wherever possible	Retain senior citizens with the Bank while fulfilling our mandate of being the Bankers to the Nation covering all age group

Natural Capital

“We strongly believe that environmental consciousness must be naturally intrinsic to our team. Creating awareness on the importance of conservation, environmental best practices and prudent management of resources both within the Bank and communities is therefore important.”

Natural capital is the axis upon which the entire economic and social system revolves upon. It involves resources that cannot be replaced; resources that must be utilized judiciously and with respect. These resources could be energy providers including water, solar or fossil fuels and capacity utilized from the world's carbon repositories like the air, oceans, rivers and forests. Our responsibility is to neutralize or eliminate the waste generated by economic activity, making sure that our usage is done responsibly and with immense thought to the greater requirements of the planet.

Our natural capitals are determined on their materiality to our organization and the relevance it has on our business and stakeholders. Given that we are a financial services company and the impact we have on the environment could be evaluated as medium impact, BoC nevertheless has been working on initiatives that would directly and indirectly bear consequence on the ultimate environment. This means

including our stakeholders in the engagement and awareness process and obtaining their buy in for better eco-friendly practices.

As embedded in the BoC Sustainability Policy, the triple bottom line focus has made us reiterate our role in environmental consciousness. Leaders as we are in the banking industry, having collated a host of accolades for our strength in spearheading nation building through economic and social development, BoC did recognize that our engagement with the environment is further uplifted for that leadership stance. We also know that embedding a cohesive environmental outlook into our strategy is challenging but in Taking Charge of Change, we have begun working on initiatives that will lead the way for bigger and better proactive engagement.

Stimulating this inherent need therefore, our sustainability objectives detail the rudiments that can drive better management of our natural capital.

Integrate sustainability in its complete sense into key business decisions

Our entire Research and Development (R & D) focus has now transformed. Through transformation process and the infusion of diverse technology platforms, our products and services are moving towards reducing carbon footprint by developing products that use technology more. SmartGen is a good example with its passbook free, mobile and internet driven application. Another is the installation of fortune branches and SmartZones with its digitized environment and green banking concepts. BoC has also stepped up its focus on responsible lending in all categories.

Environmentally driven projects are given preference and incentives, while SMEs specifically are encouraged to inculcate better environmental practices in their business operations including product development, marketing and packaging. BOC Mithuro gains additional advice through the

Resource	2015		2014	
	Consumption	Per head Consumption	Consumption	Per head Consumption
Electricity (Mwh)	17,331	2.17	16,651	1.94
Water (m ³)	305,501	38.28	304,850	35.54
Fuel (Litres)	523,204	65.56	663,689	77.38

BoC Mentor on the responsible usage of natural resources, a thought process we feel augurs well at the inception of their business, as it then becomes a way of life as they grow in stature.

Having made a conscious decision to increase Sri Lanka's forest cover given the depletion experienced in the last century due to deforestation driven by unplanned development, BoC planted 100,000 saplings during its 75th anniversary. Believing strongly that simply planting is insufficient, but nurturing these to eventually add to the forest cover is imperative, BoC continues to care for these saplings which were planted in all provinces.

Implement operational processes to minimize the Bank's carbon footprint

From permeating a comprehensive awareness programme of saving energy by switching off electric bulbs when not in use and water in washrooms and canteens, using emails and internal network communication instead of paper based documentation, introducing technology pathways that will instil faster response and higher productivity, while minimizing use of paper as is seen in the Document Management System, BoC has begun reducing its energy usage, thus impacting our carbon footprint.

Implement responsible waste management disposal systems

All used paper is recycled. The Bank utilizes the services of a value business partner, who recycles all paper used at BoC. E-waste disposal is also outsourced to a reputed recycler. We encourage our team members to dispose of personal waste responsibly using the preferred avenues of disposal available within the Bank and promote these good practices to be cascaded to their homes as well.

During the year the Bank has recycled 71,223 kg of waste paper and saved;

- ⦿ 1,211 fully grown trees
- ⦿ 124,992 litres of Oil
- ⦿ 284,880 kwh of electricity
- ⦿ 2,263,372 litres of water
- ⦿ 213 cubic meters of land fill
- ⦿ Reduced green house gas emission by 71,223 kgs of carbon equivalent

Promote renewable energy

BoC has begun focusing on lending to industries in both the large and SME sectors, involved in renewable energy project. These projects must conform to directives and guidelines set within accepted parameters by local authorities and must have a tangible impact on energy resources. Customized lending facilities are worked on by BoC to encourage such projects.

Promote environmental literacy

We strongly believe that environmental consciousness must be naturally intrinsic to our team. Creating awareness on the importance of conservation, environmental best practices and prudent management of resources both within the Bank and communities is therefore important. Ongoing training and learning programmes are conducted for team members, who are then encouraged to share their knowledge and practical experiences with customers and valued business partners. They are also given the initiative to take these practices into the communities they work in.

What stakeholders can expect in 2016 and beyond

The focus on reducing our carbon footprint will gain added impetus next year with plans underway to roll out a comprehensive Environmental and Social Management System, while in tandem, stepping up training and awareness for team and stakeholders on environmental best practices and deploying specially trained team members on environmental management at specific branches. There will also be an added e-focus on funding being granted for renewable energy solution projects and entities, while BoC will promote programmes to provide solar energy to rural villages.

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GRI G4 content index - "In accordance - core"

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G4-11	Percentage of total employees covered by collective bargaining agreements	Human Capital	92
G4-12	Describe the organization's supply chain	Social and Relationship Capital	102-105
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	No significant change	-
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	Social and Relationship Capital	106

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G4-20	Aspect boundary within the organization	Determining Material Issues	13
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G4-22	The effect of any restatement of information provided in previous reports, and the reasons for such restatements	No significant change	
G4-23	Significant changes from previous reporting period in the Scope and Aspect Boundaries.	No change	

Stakeholder Engagement

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Report Profile

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G4-LA8	Health and safety topics covered in formal agreements with trade unions	Human Capital	92
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G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age, group, minority group membership, and other indicators of diversity	Human Capital	89
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G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Male-female basic salary is same	

GRI Index

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G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	None	
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Aspect: Non discrimination			
G4- HR 3	Total number of incidents of discrimination actions taken	None	
Aspect: Freedom of Association and Collective Bargaining			
G4-HR4	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	No such operations	
Aspect: Child Labour			
G4-HR5	Operations identified as having significant risk for incidents of child labour	None	
Aspect: Forced or compulsory labour			
G4-HR6	Operations identified as having significant risk for incidents of forced or compulsory labour	No compulsory labour	
Aspect: Security Practices			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	41 programmes conducted	
Aspect: Human Rights Grievance Mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Human Capital	93
Sub Category: Society			
Aspect: Local communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	Social and Relationship Capital	100

No.	Disclosure Item	Location/Reference	Page No.
FS-13	Access points in low-populated or economically disadvantaged areas by type	Operational Footprint	19
FS-14	Initiatives to improve access to financial services for disadvantaged people	Retail Banking	75
Aspect: Anti-corruption			
G4-SO3	Operations assessed for risks related to corruption and the significant risks identified	Risk Report	171
Aspect: Compliance			
G4- SO8	Monitory value of significant fines and total number of non- monetary sanctions for non compliance with laws and regulations	None	
Sub Category: Product Responsibility			
Aspect : Product and Services Labelling			
G4-PR 4	Total number of incidents of non compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	None	
FS -6	Percentage of the portfolio for business lines by specific region, size and by sector	Core Areas of Operation	70, 78, 82
FS- 7	Monetary value of product and services designed to deliver a special social benefit for each business line broken down by purpose	Retail Banking	75
Aspect: Marketing Communications			
G4-PR 7	Total number of incidents of non compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	None	
Aspect: Customer Privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None	
Aspect: Compliance			
G4-PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services	None	