

# ***/ corporate responsibility report 2007 /***

**COMMERZBANK** 



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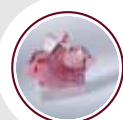
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## COMMERZBANK COMPANY PROFILE

*SINCE TAKING OVER EUROHYPO ON MARCH 31, 2006, COMMERZBANK HAS BECOME GERMANY'S SECOND-LARGEST BANK. THE BANK SEES ITSELF AS A PROFESSIONAL PROVIDER OF FINANCIAL SERVICES, BOTH FOR RETAIL AND CORPORATE CUSTOMERS AS WELL AS FOR SMALL- AND MEDIUM-SIZED ENTERPRISES. COMMERZBANK AIMS TO BE THE "BEST BANK" FOR EACH OF ITS PRIMARY TARGET GROUPS.*

Commerzbank was founded in 1870 as Commerz- und Disconto-Bank in Hamburg. Roughly 100 years later, the Bank relocated its headquarters to Frankfurt am Main, which is also its legal domicile.

### Commerzbank worldwide

Following the acquisition of Eurohypo, Europe's largest institution specializing in financing real-estate and public-sector projects, Commerzbank today is the second-largest bank in Germany and one of the leading banks in Europe, with consolidated balance-sheet assets of € 626 billion. Roughly 36,000 employees, of whom more than 8,700 are located abroad, provide services to more than 8 million customers worldwide. The Bank's share capital is broadly diversified among around 290,000 shareholders in Germany and internationally; more than 50% is held by foreign investors.

Highlights of Commerzbank Group			
	31.12.2005 <sup>*)</sup>	31.12.2006	30.9.2007
Consolidated surplus (€ m)	1,187	1,597	1,716
Cost/income ratio in operating business (%)	67.2	59.7	59.0
Return on equity of consolidated surplus (%)	12.8	14.1	18.4
Balance-sheet total (€ bn)	444.9	608.3	626.3
Market capitalization (€ bn)	17.1	19.0	18.7
Total Group employees	33,056	35,975	36,448
* After adjustment due to change in the provision for possible loan losses			

Commerzbank is directly represented in key international business and financial centres through subsidiaries, branches and representative offices. In addition, Commerzbank has a network of more than 5,000 correspondent banks worldwide.

### Commerzbank in Germany

Commerzbank is deeply committed to its home market, Germany, where it maintains a nationwide network of around 800 branches.

The Bank makes accessibility a high priority, and ensures it among other things through the virtual branch at [www.commerzbanking.de](http://www.commerzbanking.de). Commerzbank holds above-average market share both in this domain as well as in online banking through comdirect bank. The Bank provides small- and medium-sized enterprises, larger corporations and multinationals with access to all its Internet-based corporate applications through [www.companyworld.com](http://www.companyworld.com).

### Broad range of financial services

Commerzbank offers its clients a vast array of financial services: in addition to account management with payment transactions, these include numerous forms of credit, savings and financial investments – particularly the securities and investment business.

Commerzbank's operating business is organized into three corporate divisions:

- 1. Private and Business Customers:** This division comprises private and business customers services as well as asset management services. The focus is on investments, pension provisions and real-estate financing.
- 2. Corporate and Investment Banking:** This division fosters business relationships with small-, medium- and large-sized corporate and multi-national clients through its two segments, *Mittelstandsbank* and Corporates & Markets.
- 3. Commercial Real Estate, Public Finance and Treasury:** This new corporate division, which was created in the course of the Eurohypo takeover, comprises all real-estate activities, public-sector financing and treasury operations (in other words, handling of Commerzbank Group's financial resources).



[www.commerzbank.com](http://www.commerzbank.com)

## ABOUT THIS REPORT

*IN OUR SECOND CORPORATE RESPONSIBILITY REPORT, WE STRIVE TO REPORT OPENLY AND CLEARLY ON HOW WE AS A BANK LIVE UP TO OUR ECONOMIC, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES.*

Commerzbank recognizes its corporate responsibility and the need to ensure its business activities are sustainable. This means that the Bank carefully weighs the economic, environmental and social consequences of its actions. As a "good citizen," it is committed to the community at local, regional, national and international levels – and has been for many years.

### Reporting on our responsibility

Our activities are subject to increasing scrutiny within our operating environment. With this Report, we aim to inform our stakeholders – who include our clients, shareholders, employees, non-governmental organizations, suppliers and policy-makers – how we perceive and define our responsibility as a bank. We aim to report on progress and objectives transparently. But we also want to highlight challenges and potential areas for improvement.

### Identification of report topics

Our objective was to present in this report the topics which interest our readers. To this end, we carried out a survey among our most important stakeholders in the run-up to the preparation of our first Corporate Responsibility Report. We have re-addressed the topics identified by the survey participants in this second Corporate Responsibility Report.

In addition, we have focused on the standards set out by the Global Reporting Initiative (GRI), an organization which has developed internationally recognized sustainability reporting guidelines. We have included a table on the last page of this report that shows the extent to which we have covered the topics stipulated by the GRI.

Moreover, we have analyzed rating agency requirements on the issue of corporate responsibility and included these results in the topic-selection process as well.

### Structure of the report

First, it is important for us to convey how we at Commerzbank approach corporate responsibility. In this regard, we have presented our focal points and how we have integrated the issue into the firm's organizational structure in the **Management** section.

The topics that address how we live up to our responsibility in day-to-day banking business play an especially significant role. These aspects can be found for the most part in the **Economy** section. In the topic-selection process, we largely followed the guidelines set out in the financial services sector supplement of the Global Reporting Initiative (GRI).

In the **Environment** section, we report on corporate conservation at Commerzbank, where climate protection has developed into an additional sphere of activity.

In the **Employees** section, we have focused among other things on the structural transformation of our company and the resulting effects on our employees, against the backdrop of the developments of the past two years. In addition, we highlight numerous measures that have benefitted our employees.

In the last section, we report on our commitment to **Society**. The focal points here are our Commerzbank Foundation activities and our measures for promoting volunteer projects as well as our efforts to improve basic financial awareness.

An online version of this report is available on the Internet.



[www.commerzbank.com](http://www.commerzbank.com) ▶ [about us](#) ▶ [sustainability and responsibility](#)

### Geographical and chronological scope

Unless otherwise stated, this Report relates to Commerzbank AG in Germany. We publish our Corporate Responsibility Report every two years. This Report takes into account all the results since the release of the last Report at the end of 2005 up until September 30, 2007.



[www.globalreporting.org](http://www.globalreporting.org)

***/ responsibility / OUR OBJECTIVE IS TO ENSURE RESPONSIBLE CONDUCT IN THE ENTIRE GROUP AND AT ALL LEVELS – FOR THE BENEFIT OF OUR CLIENTS, OUR INVESTORS, OUR EMPLOYEES AND OUR ENVIRONMENT – AS WELL AS TO IMPROVE OUR COMPETITIVENESS.***

## FOREWORD

*Ladies and gentlemen,*

I am pleased to present to you Commerzbank's second Corporate Responsibility Report, which shows once again how important this topic is to us and how we continue to bring it to life.

We have achieved a great deal since our last Report in 2005. We have returned to our former position of strength as a bank, which gives us reason for renewed confidence. Moreover, we have succeeded in achieving tremendous progress in the area of corporate responsibility.

For example, within the scope of the systemization of our business activities, we have developed guidelines on corporate responsibility and set further important milestones in the field.

At the same time, we have initiated a long-term process that helps maintain a focus on certain values in practice in the minds of all employees. Integrity is one of these five values, which underscores our aim to make responsible action a key element of our core processes.

Joining the United Nations Global Compact initiative constituted another important step. Within the scope of this voluntary alliance, participating companies and organizations strive to uphold human rights, fair labour conditions and environmental protection. In addition, the participants commit to taking anti-corruption measures. We regard our membership in Global Compact as both an incentive and an obligation.



**Klaus-Peter Müller**  
Chairman of the Board of  
Managing Directors  
Commerzbank AG

Particularly in times of upheaval, responsible conduct takes on greater significance. We would always guide our employees through necessary changes in order to meet challenges together, in a socially responsible way, but a particular case where this succeeded remarkably well was the integration of Eurohypo.

For the year 2006, we have compiled for the first time the expenditures incurred within the scope of our corporate responsibility programme. Commerzbank invested more than € 37 million in donations, sponsoring and other social commitments. This proves just how seriously we take our responsibility.

To all our readers, let me stress that corporate responsibility necessitates ongoing efforts – and it is a challenge we have set ourselves. With this Corporate Responsibility Report, we aim to provide you with a picture of Commerzbank's commitment.

I hope that you find the reading stimulating.

*Klaus-Peter Müller*





**Martin Blessing**  
Member of the Board of  
Managing Directors  
Commerzbank AG

responsible for

**Mittelstandsbank**

**Banking departments**

Corporate Banking  
Financial Institutions

**Service departments**

Information Technology  
Transaction Banking

BRE Bank SA

"Small- and medium-sized enterprises are the pillars of our economy. As a *Mittelstandsbank*, we believe that supporting this key economic area is part of our responsibility. By tailoring our products and services to the needs of small- and medium-sized enterprises over the long term, we are also making a contribution to Germany's viability as a financial centre.

In 2006, we created the dialogue platform called *UnternehmerPerspektiven*, which serves as a network linking the major players in the German economy. Through dialogue, the platform allows users to develop common perspectives and solutions and to exchange encouraging ideas for dealing with urgent challenges."



**Dr. Achim Kassow**  
Member of the Board of  
Managing Directors  
Commerzbank AG

responsible for

**Banking departments**

Private Banking  
Private and  
Business Customers  
Retail Credit  
German Asset Management

comdirect bank AG

"Our long-term success depends on the satisfaction of our customers. Hence, specific client orientation and responsible advisory services are the utmost priority at Commerzbank. Our aim is to stand by our customers, side by side, in every phase of their life, as a reliable and professional financial partner. Regular customer surveys and an active complaints management process assist us in reacting promptly to changes in clients' expectations and needs.

Furthermore, our clients value an active sense of corporate responsibility. Our commitment in this realm constitutes a decisive factor for long-term client loyalty."



**Dr. Eric Strutz**  
Member of the Board of  
Managing Directors  
Commerzbank AG

responsible for

**Staff departments**

Accounting and Taxes  
Financial Controlling  
Group Compliance  
Human Resources  
Internal Auditing

**Service department**

Organization

"Corporate responsibility requires the appropriate responsible conduct of each and every employee at Commerzbank. In order to achieve this goal, we have taken the following measures:

Development of new Business Conduct Guidelines that clearly define responsible behaviour in a bank. This binding framework provides a significant contribution to ensuring legally compliant and ethical behaviour in the day-to-day work of our employees.

Moreover, regular employee surveys have created the necessary structures for facilitating a greater degree of involvement of our employees in shaping the company."

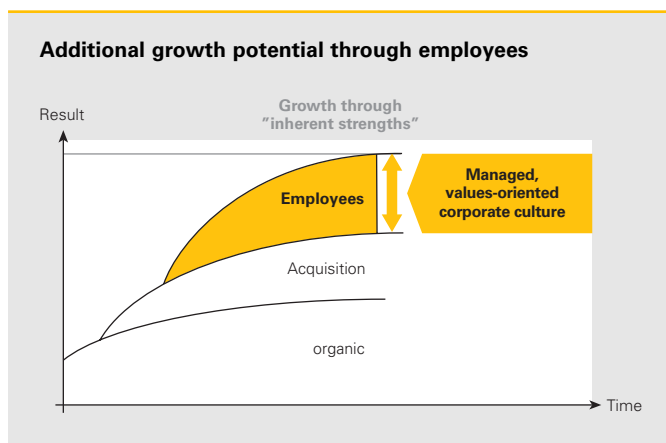
## CHANGING VALUES AT COMMERZBANK

*COMMERZBANK HAS A LONG HISTORY, DATING BACK TO 1870. IT WAS FOUNDED BY A GROUP OF MERCHANTS FROM HAMBURG, AND TODAY WE STILL FEEL BOUND TO THE VALUES OF THOSE HANSEATIC BUSINESSMEN. INDEED, VALUES OFFER A RELIABLE FRAME OF REFERENCE IN A GLOBALIZED WORLD.*

Shared values as part of a modern corporate structure establish identity and form the basis for growth and sustainable success. For that reason, we have initiated a process that helps maintain a focus on certain values in practice in the minds of all employees: ComWerte.

We are confident that this process will also help to activate the potential of Bank employees.

Alongside our aspirations to achieve ambitious business goals, we constantly strive to live up to our responsibility toward humanity, society and the environment.



### Emergence of a values-oriented corporate culture

With ComWerte, the Board of Managing Directors has initiated the transition to a values-oriented corporate culture, together with the objective of achieving growth through "inherent strengths."

This wide-ranging process raises the question as to what the company essentially stands for, what makes it strong and what it can be proud of. At the same time, however, we have to ask what changes must occur for us to shape the future successfully together. With ComWerte, we not only aim to define our corporate culture, but also strive to bring about an active and constructive cultural transformation involving every employee.



There is a scientifically proven correlation between values and a company's success. One-fourth of a business's success is attributable to the effects of a culture in which values are practiced. With ComWerte, we strive to establish a lively, motivating, independent and inspirational corporate culture, as an environment that inspires employees achieves growth from within. At the same time, a values-based corporate culture emits a strong signal. Thanks to ComWerte, Commerzbank also enhances its profile in the banking market and its attractiveness as an employer.

### The code of values

Commerzbank focuses on five values that have evolved over time out of its corporate culture: integrity, market orientation, performance, mutual respect and partnership and team spirit. These values characterize the Bank's past and present, but also formulate an aspiration for the future.

The Board of Managing Directors and managers identified and reviewed these values together through a response forum, which comprised employees from all levels.





**MUTUAL RESPECT  
AND PARTNERSHIP**



**MARKET ORIENTATION**



**PERFORMANCE**



**INTEGRITY**

### ComWerte as a process

What our values stand for is not defined and formulated in detail. Rather, ComWerte is a permanent, sustainable process, in which each and every individual by themselves and as a group continually contemplates the following questions:

- What do the values mean for me and/or us?
- What do we collectively associate with these values?
- What can we do to express these values?

And ultimately:

- How can I integrate the standards set out in the code of values into my day-to-day work?

ComWerte provides a type of framework that has to be continually re-interpreted, re-established and practised. This values-oriented conduct constitutes the driving force for targeted growth through "inherent strengths".

In the course of the ComWerte processes, all the employees collectively formulate the five values. The business units develop their own perceptions and formulate suggestions for revision measures in numerous workshops throughout the entire Group, which are then reported back to the respondents, thereby enriching the whole company.

### The key to success

The premises for achieving objectives with ComWerte are encouraging because:

- The Board of Managing Directors is part of the process and drives it forward
- The aim is for all employees to take part
- The values are continually formulated and practised
- The ComWerte process is firmly established in internal communications

### On the way to becoming the best bank

ComWerte will bring us a giant step closer to achieving our goal of becoming the best bank for our customers, investors and employees. In concrete terms, this means we are meeting the expectations of our customers and creating sustainable added value with highly motivated employees.



## UN GLOBAL COMPACT: PROGRESS REPORT

**THE UNITED NATIONS GLOBAL COMPACT IS A VOLUNTARY PACT BETWEEN COMPANIES, ORGANIZATIONS AND THE UN, WITHIN THE SCOPE OF WHICH PARTICIPATING FIRMS AND ORGANIZATIONS ARE COMMITTED TO DEVELOPING AND UPHOLDING SOCIAL AND ENVIRONMENTAL STANDARDS IN THEIR BUSINESS ACTIVITIES. THE LARGEST MULTI-STAKEHOLDER NETWORK IN THE AREA OF RESPONSIBLE BUSINESS PRACTICES, THE GLOBAL COMPACT NOW COUNTS 3,000 COMPANIES FROM MORE THAN 100 COUNTRIES AS PARTICIPANTS.**

Commerzbank is committed to the ten principles of the United Nations Global Compact. By joining this worldwide network, we aim to underscore the sustainable focus of our business and show our commitment to human rights, fair labour conditions, environmental protection and battling corruption.

**"Our membership in the UN Global Compact should send a signal to our employees and all other stakeholders that we take our commitment to the sustainable development of Commerzbank's business seriously. We are glad to participate in this forward-looking network."**

**Klaus-Peter Müller**  
Chairman of the Board of Managing Directors  
Commerzbank AG

### Fulfilling the membership requirements

The decisive factor for joining the UN Global Compact initiative in 2006 was the systemization of our sustainability management in recent years. This put us in a position to be able to fulfil and follow the requirements of the initiative over the long term.

Commerzbank is committed to upholding the ten principles of the UN Global Compact (see the information box). These principles already form an integral part of our internal rules and regulations as well as the day-to-day work of all Commerzbank employees.

We have reported on Commerzbank's participation in the UN Global Compact on the home page of our intranet site and have received very positive feedback from our employees.

### Examples of implementation

In our new Corporate Responsibility Guidelines, we have included an explicit acknowledgement of the ten principles of the UN Global Compact (page 11). The introduction of standards for procurement was an additional measure that led to more sustainable organization of Group purchasing (page 39). The binding code of conduct introduced in the spring of 2007 for all Commerzbank AG staff in Germany is aimed at ensuring ethical behaviour in the day-to-day work of each and every employee (page 33). The code provides an orientation framework for decisions and should ensure that the key principles of the UN Global Compact are taken into account in the workplace.

### Fulfilling the reporting requirement

Among other things, this Report is aimed at fulfilling our annual reporting requirement to the UN Global Compact and reporting on the progress of our commitment. The following table provides an overview of the sections of this Report in which we have addressed relevant topics in this context (see the information box). The summary table on the Global Reporting Initiative also includes references to topics that relate to the principles of the UN Global Compact (page 78).

#### The ten principles of the UN Global Compact

The right-hand column denotes the pages of this Report on which we provide information about Commerzbank's activities that are relevant to the principles of the UN Global Compact.

Human rights		Page
Principle 1)	Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.	6, 29
Principle 2)		6, 29
Labour standards		Page
Principle 3)	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	6, 29, 57
Principle 4)	the elimination of all forms of forced and compulsory labour;	6, 29, 30
Principle 5)	the effective abolition of child labour; and	6, 29, 30
Principle 6)	the elimination of discrimination in respect of employment and occupation.	6, 8-9, 29, 30, 60-62
Environment		Page
Principle 7)	Businesses should support a precautionary approach to environmental challenges;	6, 29, 34-45
Principle 8)	undertake initiatives to promote greater environmental responsibility; and	6, 12, 30, 34-45
Principle 9)	encourage the development and diffusion of environmentally friendly technologies.	6, 12, 22-23, 27-28
Anti-corruption		Page
Principle 10)	Businesses should work against corruption in all its forms, including extortion and bribery.	6, 8-9, 11, 29, 30, 32-33



[www.unglobalcompact.org](http://www.unglobalcompact.org)

## STRATEGY AND ORGANIZATION

*BECAUSE EFFECTIVELY IMPLEMENTING CORPORATE RESPONSIBILITY REQUIRES CLEARLY DEFINED AREAS OF RESPONSIBILITY AND GUIDELINES WITH CONCRETE OBJECTIVES, COMMERZBANK IS CONTINUOUSLY WORKING TOWARD THE SYSTEMIZATION OF ACTIVITIES IN THIS AREA.*

Our five key corporate values – integrity, market orientation, performance, mutual respect and partnership and team spirit – are the foundation of our activities relating to corporate responsibility. The ComWerte process, which was launched as part of the corporate responsibility initiative, marks the departure toward a corporate culture even more firmly anchored in core values at Commerzbank (page 8). The value of integrity especially embodies our objective of establishing responsible conduct throughout the entire company. In order to achieve this goal, we formulated a set of Corporate Responsibility Guidelines in 2007 (see the information box).

### Additional milestones

We have set objectives for the period between now and the publication of our next Corporate Responsibility Report (page 17). The focus of these objectives includes the development of a comprehensive strategy for corporate responsibility, the introduction of an environmental management system, implementation of a system to manage reputational risks and raising the awareness of our employees regarding sustainability issues.

### Centralized management

All activities related to our corporate responsibility are subject to centralized control. Commerzbank's Board of Managing Directors set up a Reputation and Sustainability Management team in 2005 as part of Group Communications. The team coordinates all activities that revolve around the topic of corporate responsibility and is also in charge of its strategic development. The team is supported by designated employees from individual specialist departments, according to the topic area – for example, the designated environmental manager from the Head of Diversity, or representatives from the Renewable Energies Center of Competence. This structure ensures that the individual activities are carried out in the appropriate departments, but networked in the overall context of corporate responsibility.

### Corporate Responsibility Guidelines

We are confident that responsible conduct will make a significant contribution to enhancing value and securing the future of Commerzbank. As the second-largest bank in Germany, we acknowledge our corporate responsibility both in general as well as in terms of the sustainable development of our business, as based on the following six principles:

- 1. Legal compliance and transparency:** Compliance with regulations and laws as well as transparent reporting to shareholders and other stakeholders form the basis of our responsibility.
- 2. Rooted in core business:** Corporate responsibility is a significant, integral part of our corporate culture, the operational banking business and internal work processes.
- 3. Employee awareness:** The realization of our responsibility can only succeed with employees who live up to the principle of sustainability in their day-to-day work. To this end, we continuously strive to increase employee awareness of these issues.
- 4. Stakeholder dialogue:** We aim to understand the expectations and interests of our stakeholders and, at the same time, to present Commerzbank's perspective through dialogue with customers, shareholders and business partners as well as the media, non-governmental organizations and state authorities. We view the results of this dialogue as an important basis for the future development of our activities in the field of corporate responsibility.
- 5. Commitment to UN Global Compact:** We are members of the UN Global Compact. Together with other companies and the UN, Commerzbank strives to uphold and promote the fundamental principles of human rights, fair labour conditions, anti-corruption and environmental protection.
- 6. Continuous improvement:** Commerzbank is continually developing and adapting its corporate responsibility strategy to the needs and expectations of a dynamically changing society.

## MEMBERSHIP OF ORGANIZATIONS/ASSOCIATIONS

COMMERZBANK IS INVOLVED IN NUMEROUS ORGANIZATIONS AND ASSOCIATIONS. THE FOLLOWING SELECTION SHOWS MEMBERSHIPS RELEVANT TO THE TOPIC OF CORPORATE RESPONSIBILITY. ORGANIZATIONS WE HAVE JOINED SINCE THE PUBLICATION OF OUR LAST REPORT IN 2005 ARE LABELLED ACCORDINGLY.

Organization	Declared Purpose
<b>Science</b>	
Mafinex e. V., Mannheim	The advancement of science and research through the identification and development of technological innovations and support for innovative business start-ups.
Max-Planck-Gesellschaft e. V., Munich	The advancement of science, especially through the support of research institutes that conduct independent research.
<b>Business</b>	
Afrika-Verein e. V., Hamburg	To foster closer business links between Germany and Africa. The aim of the organization is to provide information about the countries of Africa and its markets, establish relations and represent the interests of its members, at home and abroad.
 Bundesverband mittelständische Wirtschaft, Berlin	The BVMW represents the interests of small- and medium-sized enterprises (SMEs) in all sectors and business categories as related to the public, policy makers, government administration, unions and all other groups in society. It highlights the contribution made by SMEs to the economy and participates in the political decision-making process.
 DAWI Deutsch-Angolanische Wirtschaftsinitiative e. V., Berlin	The initiative aims to tap the considerable potential of the nascent economic ties between Germany and Angola, including, among other things, investment in reconstruction after 27 years of civil war.
Deutsche Vereinigung für Finanzanalyse und Asset Management, Frankfurt am Main	The organization provides professional support for its members through information and publications as well as education and advanced training. It sets standards for professional excellence at an internationally recognized level and fosters public awareness of the importance and function of financial analysis as well as of asset management. Helps to actively shape public opinion.
<b>Technology</b>	
Technologie Forum Paderborn e. V., Paderborn	To foster dialogue between all sections of society with regard to technology and the issues of the future and to raise awareness of the role of technology in social progress.
<b>Social</b>	
Taten statt Worte e. V., ("Deeds Not Words") Hamburg	The advancement of equal opportunity for women and men in German business. Providing support for education and professional training of specialists and management employees, especially young professionals, primarily through international work experience.
 Victress Initiative, Berlin	Promoting gender equality between women and men, especially focusing on improving the ratio of women at management level, mobilizing women's initiatives and networks, fostering social discourse and conducting research.
<b>Society</b>	
Atlantik-Brücke e. V., Berlin	Atlantic Bridge was founded with the aim of building a bridge between Germany and the US. The association is dedicated to fostering improved bilateral understanding.
 Bundesnetzwerk Bürger- schaftliches Engagement, Berlin	The BBE is a nationwide network linking the three key areas of society – civil society, federal and community institutions as well as business and work life – for the promotion of civic commitment and civic involvement in all areas of society and politics.
<b>Culture</b>	
Deutsch-Russisches Forum e. V., Berlin	To promote bilateral relations between Russia and Germany at political, economic and cultural levels for the benefit of both countries.
<b>Sustainability</b>	
Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e. V. (B.A.U.M.), Hamburg	To provide support for members with regard to issues relating to corporate environmental protection and sustainable development, with a focus on practical services.
 UN Global Compact, New York (USA)	The UN Global Compact is a voluntary pact between companies, organizations and the UN, within the scope of which participating firms and organizations are committed to developing and upholding social and environmental standards in their business activities.
UNEP FI, Geneva (Switzerland)	Global partnership between the UN Environment Programme (UNEP) and the financial sector aimed at greater awareness of the environment and sustainability in the banking sector.
 Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e. V., Augsburg	A forum for the exchange of expert opinions and information among financial service providers. Its objective is to devise new strategies and suitable instruments for practical implementation of the requirements defined in the concept of sustainable development.

## STAKEHOLDER DIALOGUE

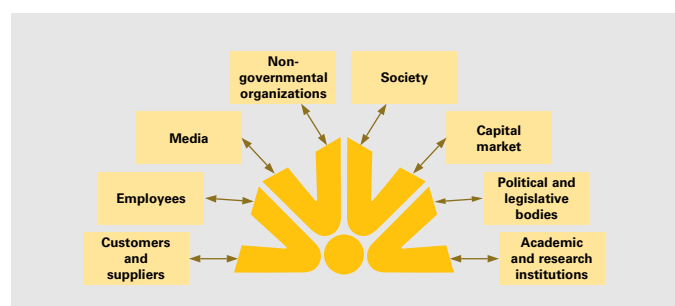
**COMMERZBANK TAKES THE INDIVIDUAL DEMANDS AND INTERESTS OF ITS STAKEHOLDERS SERIOUSLY. WE REGARD STAKEHOLDER DIALOGUE AS AN ESSENTIAL SOURCE OF INFORMATION FOR IMPROVING OUR BUSINESS. THROUGH THIS EXCHANGE OF VIEWS, WE AIM TO UNDERSTAND STAKEHOLDERS' EXPECTATIONS AND INTERESTS AND PRESENT COMMERZBANK'S PERSPECTIVE AT THE SAME TIME.**

We believe that dialogue with others in our environment helps us to recognize opportunities and business risks early on. As a result, we are engaged in an ongoing exchange with our stakeholders, who comprise everyone with whom we have a direct or indirect relationship through our business activities. This dialogue is as multi-faceted and individual as the stakeholder groups themselves:

- We are always available to our **customers** in many different ways, first and foremost through the 800 locations for retail and corporate customers as well as around 145 locations for corporate clients throughout Germany. In addition, our regular customer surveys and active complaints management system give clients the opportunity to show us where there is room for improvement (page 26).
- We actively involve our **employees**. One notable example of this is our well-established staff survey, which provides the opportunity for employees to convey their views, desires and ideas to the management as a way of helping to shape the company (page 50). Moreover, we work together closely with employee representatives (page 57).
- We maintain regular contact with our **suppliers**. In 2006, we integrated the principle of responsible behaviour into our procurement process: both through the development of ethical guidelines and through our new standard for sustainable procurement (page 39).
- A transparent reporting process with respect to the **media** is standard business practice for us. We are in regular contact with news agencies, the financial press and business editors of daily newspapers as well as all the major electronic media outlets, through press releases, press conferences, and personal meetings. We actively provide the media with information relating to our corporate responsibility.
- We believe dialogue with **non-governmental organizations** plays an important role, with a focus on the effects of our business activities on people and the environment. One example in

this regard is the "Banks, Pulp and People" event, which provided a forum for the exchange of views with environmental organizations and other banks. The discussions will continue in the form of a series of dialogues (page 29).

- We are committed to the well-being of **society**. To this end, we work together with various charitable organizations in specially defined spheres of activity (page 64). We strive for long-term, successful cooperation with our partners in this field. Their ideas and proposals are incorporated into the overall structure of our corporate responsibility policy.
- Actors on the **capital markets** include our institutional investors and private shareholders, in particular, but also analysts and rating agencies. We address questions regarding the responsible development of our business openly and thoroughly. In recent years, numerous rating agencies have once again assessed our activities in the field of corporate responsibility (page 14).
- Dialogue with **political and legislative bodies** is becoming increasingly important and is of mutual benefit. In this regard, we strive to keep up to date with significant political decisions, interpret their consequences and adapt our business operations quickly to changes in regulations. For this purpose, Commerzbank maintains its own liaison offices in Berlin and Brussels. When Germany took over the European Council presidency in June 2007, Commerzbank's Board of Managing Directors scheduled a special meeting in the "EU capital" of Brussels.
- Because **academic and research institutions** provide us with stimulus for the future orientation of our business operations we work together closely with universities and research institutions. One example of this cooperation is the ongoing exchange of views between our Renewable Energies Competence Center and representatives from academia (page 22).



## CORPORATE RESPONSIBILITY RATINGS AND INDICES

**AS THE BANKING INDUSTRY REPRESENTS A SIGNIFICANT SECTOR OF THE STOCK MARKET, BANKS ARE SUBJECT TO CLOSE SCRUTINY BY ANALYSTS AND INVESTORS. IN THIS REGARD, RESPONSIBLE CONDUCT TOWARD EMPLOYEES, THE ENVIRONMENT, SOCIETY AND THE BUSINESS CLIMATE – CORPORATE RESPONSIBILITY PERFORMANCE – IS INCREASINGLY BEING INCORPORATED INTO COMPANY VALUATIONS.**

Interest on the part of specialized rating agencies has increased noticeably since publication of our last Corporate Responsibility Report in 2005. The number of assessments has grown. Accordingly, our Reputation and Sustainability Management team has intensified its dialogue with these agencies.

The assessments carried out by the rating agencies are, to some extent, the basis for the listings on special sustainability indices. In particular, the agencies examine the inclusion of

economic, environmental and ethical criteria within the operational banking business and in internal work processes. In addition, topics such as corporate governance, risk controlling and compliance – i.e. adherence to laws and regulations – play a role.

We are pleased to note that the results of the assessments of Commerzbank by nearly all the important corporate responsibility rating agencies have improved: for example, from SAM, whose rating forms the basis for a listing on the Dow Jones Sustainability Index. In our view, this confirms that we are on the right track in terms of incorporating sustainability to an ever greater extent into our day-to-day business activities. At the same time, we believe that the potential for improvement revealed by the analyses serves as a useful guideline for the future direction of our corporate responsibility policy.

Corporate responsibility ratings		Internet addresses
Bank Sarasin	Rated	<a href="http://www.sarasin.ch">www.sarasin.ch</a>
E.Capital Partners	Rated	<a href="http://www.e-cpartners.com">www.e-cpartners.com</a>
imug (EIRIS)	Rated	<a href="http://www.imug.de">www.imug.de</a>
Equinet Institutional Services	Rated	<a href="http://www.equinet-ag.de">www.equinet-ag.de</a>
Innovest	Rated	<a href="http://www.innovestgroup.com">www.innovestgroup.com</a>
oekom research	Rated	<a href="http://www.oekom-research.de">www.oekom-research.de</a>
SAM	Rated	<a href="http://www.sam-group.com">www.sam-group.com</a>
scoris (SiRi Company)	Rated	<a href="http://www.scoris.de">www.scoris.de</a>
Vigeo	Rated	<a href="http://www.vigeo.com">www.vigeo.com</a>
Indices		Internet addresses
Dow Jones Sustainability Indexes (DJSI)	Not listed	<a href="http://www.sustainability-indexes.com">www.sustainability-indexes.com</a>
Ethibel Sustainability Index (ESI)	Listed	<a href="http://www.ethibel.org">www.ethibel.org</a>
Ethical Index EURO	Listed	<a href="http://www.e-cpartners.com">www.e-cpartners.com</a>
As of September 2007		

## PROGRESS IN THE REPORTING PERIOD

**BECAUSE ENSURING RESPONSIBLE CONDUCT REQUIRES ONGOING EFFORTS, SINCE THE PUBLICATION OF OUR LAST CORPORATE RESPONSIBILITY REPORT AT THE END OF 2005 WE HAVE UNDERTAKEN NUMEROUS ACTIVITIES IN ORDER TO ACHIEVE OUR OBJECTIVES. WE CAN BE SATISFIED WITH THE RESULTS FOR NOW. AT THE SAME TIME, WE ARE FULLY COMMITTED TO WORKING TOWARD CONTINUALLY IMPROVING OUR BUSINESS.**

In 2005, we planned to:	In order to achieve this goal:	We will:
Join the UN Global Compact.	We declared our membership at the end of 2006, thus committing to upholding the ten principles of the UN Global Compact. We already meet a large number of the requirements (page 10).	continue to report transparently on our progress with regard to upholding and implementing the UN Global Compact principles.
Develop a business-wide strategy for our corporate responsibility.	We developed Corporate Responsibility Guidelines and have set new goals for ourselves (page 11).	develop a strategy based on our CR guidelines by the end of 2008.
Develop and implement a code of conduct for our employees.	We adopted and introduced our binding Business Conduct Guidelines for all employees of Commerzbank AG in February 2007 (page 33).	continue to inform and educate our staff about the contents of the Guidelines as a means of ensuring compliance.
Take a systematic approach to stakeholder dialogue and incorporate the results into our decision-making processes, as well as strengthen our involvement in various bodies.	We analyzed which topics we communicate to which stakeholder group. In addition, we exchanged views with numerous organizations (page 13). We also joined the Association for Environmental Management in Banks, Savings Banks and Insurance Companies (VfU) (page 12).	maintain our stakeholder dialogue through regular participation in the Urgewald bank dialogue programme, among other things (page 29). In general, we plan to play a larger role in the relevant bodies, for example in the VfU.
Increase use of the Internet for communicating Corporate Responsibility (CR) topics and regularly revise the CR site.	We posted the contents of our CR Report on the Internet. In addition, we have supplemented our website with key events and set up a "News" section ( <a href="http://www.commerzbank.com">www.commerzbank.com</a> ▶ about us ▶ sustainability & responsibility).	comprehensively update our website again at the beginning of 2008.
Integrate sustainability criteria to a greater extent in our core business and, in this way, refine our risk management in the area of reputation risk.	In the area of products, we introduced more sustainable investments onto the market (page 27) and set a standard for sustainable procurement in Group purchasing (page 39). We have also developed a concept for systematic reputation risk management. In addition, there will be individual votes on financing transactions where sustainability and reputation aspects play a significant role.	further strengthen the sustainable orientation of our core business. The implementation of a reputation risk management concept begins at the start of 2008.
Further develop the voluntary code of conduct for debtor countries and investors.	Together with our partners, we have helped to extend acceptance of the principles (page 30).	contribute to wider dissemination of the principles through our work in the advisory group (Group of Trustees) of the Institute of International Finance (page 30).
Improve the satisfaction of our customers through continual improvement of complaints management, among other things.	In 2006 und 2007, we carried out the first nationwide surveys of small- and medium-sized enterprises (SMEs) in Germany. The SMEs surveyed expressed above-average satisfaction with Commerzbank (page 24). Customer satisfaction among retail clients has been stable overall in recent years, with a slightly positive trend (page 26).	devise concrete measures from the results of our customer surveys in order to enhance the satisfaction of our customers.
Introduce an internal environmental management system.	For now, we have designated an environmental management representative (page 38).	set up and certify an environmental management system by the end of 2008.
Raise awareness of the issue of diversity, especially in terms of cultural and inter-generational diversity.	We pursued numerous activities in the area of diversity for which we have received recognition from external organizations (page 60). We have also set up workshops for improving intercultural competencies in the day-to-day operations of the Bank and in inter-generational cooperation.	introduce a series of events focussing on the issue of cultural diversity and currently plan to initiate further measures to prevent stereotyping of old and young.
Set up a corporate health management system.	We created an additional full-time position in the area of corporate health management in April 2006 (page 58).	have our corporate health management system established by the end of 2008.
Review the priorities of our social commitments.	We have focussed our activities and strengthened our network, particularly with other actors who pursue the same objectives as Commerzbank (page 67). We have also developed three focus points for the funding policy of the Commerzbank Foundation (page 68).	focus more on our chosen set of issues in order to make our commitments in these areas more effective.



## REVIEW 2006 - 2007

**2006** ◀

<b>  01  </b>	<b>  02  </b>	<b>  03  </b>	<b>  04  </b>	<b>  05  </b>	<b>  06  </b>	<b>  07  </b>	<b>  08  </b>	<b>  09  </b>	<b>  10  </b>	<b>  11  </b>	<b>  12  </b>	<b>  01  </b>	<b>  02  </b>	<b>  03  </b>	<b>  04  </b>	<b>  05  </b>
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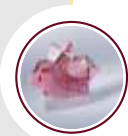
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# OUTLOOK 2008

2007 ◀ ▶ 2008

06   JUN	07   JUL	08   AUG	09   SEP	10   OCT	11   NOV	12   DEC	01   JAN	02   FEB	03   MAR	04   APR	05   MAY	06   JUN	07   JUL	08   AUG	09   SEP	▶
							<b>  beginning of 2008  </b> COMPREHENSIVE UPDATE OF CORPORATE RESPONSIBILITY INFORMATION ONLINE									
<b>  september 2007  </b> COMMERZBANK ACHIEVES ONCE MORE SIGNIFICANTLY HIGHER RANKING IN THE DOW JONES SUSTAINABILITY INDEX <b>PAGE 14</b>							<b>  mid-2008  </b> FORMULATION OF OUR CORPORATE RESPONSIBILITY STRATEGY									
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<b>  november 2007  </b> ADOPTION OF GROUP-WIDE GUIDELINES ON HANDLING CONFLICTS OF INTEREST							<b>  june 2008  </b> COMPLETION OF GROUP-WIDE OPTIMIZATION OF ANTI-MONEY LAUNDERING PROCESSES									
							<b>  january 2008  </b> ELECTRICITY SUPPLY FOR THE COMMERZBANK TOWER IN FRANKFURT CONVERTED ENTIRELY TO GREEN ENERGY									
							<b>  april 2008  </b> ROUGHLY 50 STUDENTS BEGIN THEIR "INTERNSHIP FOR THE ENVIRONMENT" AT A NATURE RESERVE IN GERMANY <b>PAGE 45</b>									
							<b>  in the course of 2008  </b> LAUNCH OF AN ENVIRONMENTAL MANAGEMENT SYSTEM									
<b>  autumn 2007  </b> PUBLICATION OF THE RESULTS OF COMMERZBANK'S STUDY ON FATHERS, CARRIED OUT FOR THE FIRST TIME THROUGHOUT GERMANY							<b>  in the course of 2008  </b> ADDITIONAL SERIES OF EVENTS FOR DIVERSITY-RELATED ISSUES SUCH AS CULTURAL AND INTERGENERATIONAL DIVERSITY									
<b>  august to september 2007  </b> ANNUAL SURVEY OF EMPLOYEE SATISFACTION <b>PAGE 50</b>							<b>  mid-2008  </b> OUR SECOND FULL STAFF SURVEY									
							<b>  end of 2008  </b> LAUNCH OF CORPORATE HEALTH MANAGEMENT SYSTEM									
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<b>  september 2007  </b> SUPPORT FOR THE "WEEK OF CIVIC INVOLVEMENT" AS NEW COOPERATIVE PARTNER OF THE BBE <b>PAGE 71</b>																
FIRST FAMILY DAY AT THE COMMERZBANK ARENA WITH CUSTOMERS, BUSINESS PARTNERS AND SERVICE PROVIDERS, ALONG WITH THEIR FAMILIES <b>PAGE 74</b>																
<b>  november 2007  </b> PUBLICATION OF OUR SECOND CORPORATE RESPONSIBILITY REPORT							<b>  autumn 2009  </b> PUBLICATION OF OUR THIRD CORPORATE RESPONSIBILITY REPORT									

# economy

**taking advantage of  
future opportunities**



## **/ andalucia, 3 pm / THE SPANISH SUN SHINES DOWN ON GERMAN TECHNOLOGY**

In the southern Spanish region of Andalusia, an engineer inspects the solar field of Andasol 1, the parabolic trough power station which is still under construction. At 3 in the afternoon, the sun is intense. As it shines down over the two square-kilometre-wide solar field, the parabolic mirrors concentrate its rays, creating heat for steam turbines that generate electricity. In this way, up to 200,000 people will be supplied with green energy starting in 2008.

Andasol 1 is the first power station of this kind in Europe and is also the world's largest solar power station. It was developed by Solar Millennium AG, headquartered in Erlangen, Germany. Founded in 1998, the firm ranks among the world's leading repositories of know-how relating to solar-thermal power generation. Over the long term, this technology has the potential to provide the bulk of a region's energy needs, especially in sunny parts of the world such as southern Europe or the American Southwest. As Solar Millennium AG's local bank, Commerzbank has now also embarked on this exciting journey.



[www.solarmillennium.de](http://www.solarmillennium.de)







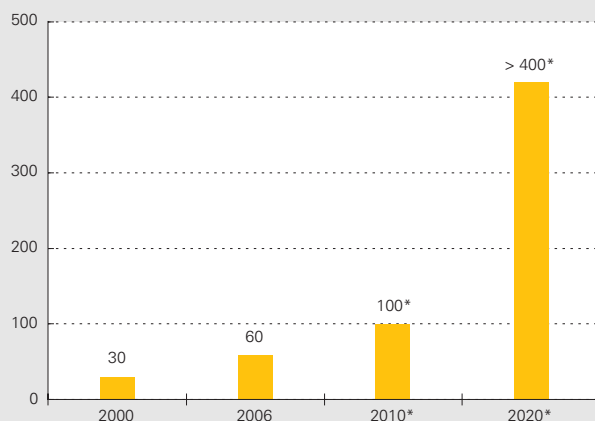
# economy

**taking advantage of  
future opportunities**



## Worldwide investments in renewable energy

in € billions per year



\* forecast; Source: German Renewable Energy Federation (BEE), sector data, as of February 2007

Commerzbank financed its first projects for small- and medium-sized enterprises in the area of renewable energy in the 1980s and has continuously expanded its commitment ever since. Today, renewable energy has become a significant factor in a future-oriented and advanced energy policy – with equally strong growth momentum expected for the next few years as well. With our Renewable Energies Center of Competence, we are well equipped both to participate in and have an impact on this trend (page 22).

## Economic responsibility

At first glance, Commerzbank's core business – i.e. providing payment and credit transaction services as well as financial investments – would not seem to have much of an impact on the environment. The sector is not commodity-intensive, and because its services are intangible, their effects on the environment are not obvious.

A closer look, however, reveals the indirect effects of the banking business. Responsibility for the economy, the environment and people comes into play with every decision for or against financing a project, for or against granting a loan. We are aware that this presents us with a special challenge. Hence, it is our objective to increasingly integrate responsible conduct into our core business with an eye on the economic, environmental and social consequences.

At the same time, this opens up enormous opportunities for Commerzbank – especially because developing new fields of business and fostering sustainable growth go hand in hand, as is the case with our commitment in the area of renewable energy. We are confident that responsible conduct will make a significant contribution to enhancing value and securing the future of the Bank.

**WE ARE CONVINCED THAT RESPONSIBLE CONDUCT AND ECONOMIC SUCCESS GO HAND IN HAND.**

**OUR ENTIRE BUSINESS MODEL IS BASED ON THE TRUST OF OUR CUSTOMERS. OUR ACTIVITIES IN THE FIELD OF CORPORATE RESPONSIBILITY HELP TO SUPPORT AND BUILD UP THIS TRUST. ONE KEY FACTOR, HOWEVER, IS OUR UNDERSTANDING THAT RESPONSIBLE CONDUCT CONSTITUTES A KEY ELEMENT OF OUR CORPORATE CULTURE, THE OPERATIONAL BANKING BUSINESS AND INTERNAL WORK PROCESSES.**

### **Review: Focus on the core business**

Since the publication of our first Corporate Responsibility Report at the end of 2005, we have achieved important milestones in applying responsible conduct to our day-to-day operational banking business.

For example, the Business Conduct Guidelines, which came into force in February 2007, clarify what responsible conduct in day-to-day work means in practice (page 33).

Our awareness of responsibility is also demonstrated by products and services that not only open up new opportunities for us, but also offer our customers added value. Numerous prizes and awards attest to the quality of our products and services (pages 24, 26).

We have taken important steps on the path toward becoming the best bank for small- and medium-sized enterprises (*Mittelstandsbank*). With the launch of our UnternehmerPerspektiven initiative in 2006, we aim to show small- and medium-sized businesses possible solutions to their pressing challenges and open the door to new prospects through dialogue – another example of fulfilling our corporate responsibility (page 25).

Our sense of the momentum in the field of renewable energy was confirmed, allowing us to take part in the robust expansion of this sector (page 22).

### **Outlook: Further developing our sense of responsibility**

We will continue to work on systematically integrating responsible conduct into our core business.

We plan to remain on our successful course of business in the field of renewable energy. We aim to reap rewards from the enormous growth in this sector – both domestically and internationally – in the future while also promoting the positive effects on the environment and the economy.

We hope our customers perceive Commerzbank as a responsible company. Based on the results of our complaints management system and regular customer surveys, we will initiate measures to enable us to offer tailor-made solutions for relevant products and services now and in the future. At the same time, we will press forward with an exchange of views with businesses, academia and the government – for instance, through the UnternehmerPerspektiven platform for dialogue for small- and medium-sized enterprises.

In the area of compliance, we are constantly adapting our systems and instruments to current requirements and new regulatory developments.



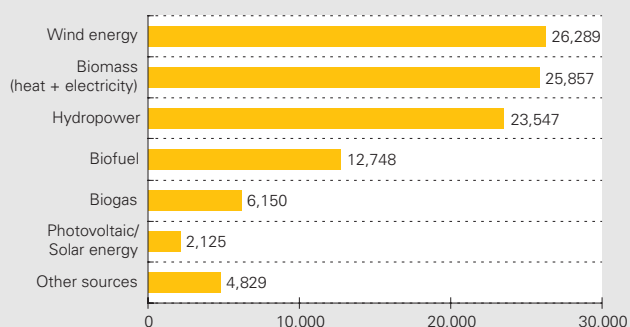
## RENEWABLE ENERGY

**RENEWABLE ENERGY REPRESENTS OPPORTUNITIES FOR THE ENVIRONMENT, THE ECONOMY AND SOCIETY – AS WELL AS FOR COMMERZBANK. WE HAVE BUILT UP EXTENSIVE KNOW-HOW ON FINANCING RENEWABLE ENERGY PROJECTS AT OUR RENEWABLE ENERGIES CENTER OF COMPETENCE. COMMERZBANK IS ONE OF THE LEADING BANKS IN EUROPE IN THIS AREA, THANKS TO ITS BROAD RANGE OF RELEVANT PRODUCTS AND SERVICES.**

As limitless sources of energy, renewables play a decisive role in sustainable development. Whether generated from sun, wind, water or biomass, renewable energy has a positive impact on the environment and the economy. It provides a significant contribution to climate protection by replacing CO<sub>2</sub>-intensive sources of energy. A long-term energy supply is no longer conceivable without renewables – particularly given ever-tighter supplies of fossil fuel resources. The aim to become less dependent on energy imports from other countries also plays a role. Moreover, renewable energy is a market that shows strong growth momentum. As a business well suited to small- and medium-sized German enterprises, the sector also strengthens our economy.

### Renewable energy already prevents about 13% of CO<sub>2</sub> emissions in Germany

Unit of measure: 1,000 t CO<sub>2</sub> emissions savings



The use of renewable energy sources prevented a total of about 102 million tonnes of CO<sub>2</sub> emissions in Germany in 2006.

Source: Commerzbank interpretation of "Renewable Energy in Figures", published by the German Federal Environment Ministry (BMU), 2007

### A wealth of competence at Commerzbank

Commerzbank has set the trend in financing renewable energy projects: by the second half of the 1980s, we participated in the first projects for small- and medium-sized enterprises in the field of wind energy. As the sector grew in subsequent years, so too did the business, from a niche segment to a multi-billion market for Commerzbank. During this phase, the Bank set standards for financing renewable energy projects. Today, Commerzbank in Germany is the leading bank in this sector, holding one of the largest loan portfolios in the area of renewable energy throughout Europe, with a volume of € 3.5 billion.

Commerzbank's activities in the renewable energy sector are grouped together in its own Renewable Energies Center of Competence (CoC). The CoC is part of our Corporate and Investment Banking division and is closely linked with other specialty departments within our Group wherever there are questions related to the topic of renewable energy.

Through the CoC, we offer our customers a broad spectrum of products and services, particularly corporate and project financing along the entire renewable energy value chain.

The CoC is characterized by the wide-ranging knowledge of its staff. In addition to pure financing, the staff's know-how also covers technical opportunities, legal frameworks and economic feasibility studies in the renewable energy sector. This know-how enables us to provide our customers with comprehensive, sound advisory services.

#### The Renewable Energies Center of Competence in brief:

- Expertise since 1986; 60 employees; 1,800 completed individual financing transactions
- Loan portfolio volume of € 3.5 billion

#### Current activities:

August 2007: <b>Wind energy,</b> <b>India</b> € 90,000,000 Mandated lead arranger	June 2007: <b>Wind energy,</b> <b>Denmark</b> € 20,900,000 Participant	June 2007: <b>Biomass,</b> <b>Germany</b> € 24,400,000 Mandated lead arranger
March 2007: <b>Wind energy,</b> <b>Spain</b> € 10,000,000 Participant	March 2007: <b>Wind energy,</b> <b>Turkey</b> € 83,000,000 Export finance	February 2007: <b>Wind energy,</b> <b>United States</b> \$ 25,500,000 Senior managing agent



**"Institutional investors are looking to broaden their alternative investment strategies to include new assets classes that can provide current income and appealing risk-adjusted returns over long term. We believe that renewable energy can meet these objectives and the sector has solid growth prospects in both the short and long term. We appreciate Commerzbank as a reliable business partner with strong international and technical expertise in this area, helping us deliver value to our investors and the businesses in which we invest. Our joint engagement in this area also helps us to make a difference: renewable energy contributes to environmental goals, and frees us, in part, from dependence on foreign gas and oil supplies as our resources decline."**

**Emma Tinker, Director at HgCapital, about the relevance of renewable energy to investors**



## Rapid globalization

The fast pace of growth in the renewable energy sector – up to 30% per year – coupled with the globalization of the business, poses a challenge for us. At the same time, the CoC is aiming for double-digit growth rates in the coming years. Half of this growth is to be realized abroad.

We had achieved more than 60% of our financing volume outside Germany with the CoC by 2006. In the coming years, we will expand the CoC's presence in local core markets, as we have already done in Singapore and New York.

## Roughly 7.5 million tonnes of CO<sub>2</sub> emissions savings annually through wind energy alone

Commerzbank has financed roughly 5,000 megawatts (MW) of installed wind energy-generating capacity in the last 20 years that is still in operation. That corresponds to a market share of around 25% in Germany, assuming the country's generating capacity is 20,621 MW. This results in an annual reduction in CO<sub>2</sub> emissions of roughly 7.5 tonnes, thanks to financing by Commerzbank.

We calculated this figure as follows: The 5,000 MW of generating capacity financed by Commerzbank supplied an average of 1,750 full load hours in 2006. Based on that assumption, 1 MW of installed capacity of wind power generates 1,750,000 kWh of electricity annually. Given a CO<sub>2</sub> emissions savings factor of 0.862 kg/kWh, 1 MW of wind energy thus saves approximately 1,500 tonnes of CO<sub>2</sub> emissions per year.

## CoC – a highly regarded dialogue partner

Commerzbank has actively contributed to shaping the trend in the renewable energy sector. The CoC's know-how is highly valued by customers and other groups: it is in constant dialogue with businesses, academia and the government.

- **Government:** The CoC is also regarded as a capable advisor in the legislative process, for example, with respect to its involvement with the revision of the Renewable Energy Act in 2004 under the lead management of the German Federal Environment Ministry.
- **Academia:** The CoC staff is involved as lecturers at universities or as partners in research projects. In addition, the CoC supports graduate thesis work at universities.
- **Associations:** Commerzbank contributes to framing the public debate around the issue of renewable energy through its membership in numerous organizations. At the federal government level, the Bank is represented through the CoC in the Foundation for Offshore Wind Energy and federal associations for wind or solar energy, among others. In Europe, Commerzbank is the only bank member of the Advisory Board of the European Photovoltaic Industry Association (EPIA).
- **In practice:** With its expertise in the field, Commerzbank is always in demand as an exhibitor at renewable energy trade fairs and is also involved with speaking engagements at technical conferences.

## CORPORATE BANKING

**COMMERZBANK FULFILS THE NEEDS OF GERMANY'S SMALL- AND MEDIUM-SIZED BUSINESSES WITH CONSISTENT ATTENTION TO THEIR NEEDS, TAILOR-MADE PRODUCTS AND INDIVIDUAL ADVISORY SERVICES. IN THIS WAY, WE AIM TO HELP STRENGTHEN OUR ECONOMY.**

Small- and medium-sized enterprises (SMEs) are the pillars of our economy. Commerzbank set up a separate operational segment (*Mittelstand*) for SMEs in 2005 in order to focus more closely on the needs and expectations of our small- and medium-sized business customers.

### Satisfied SMEs

We believe that assessment by our customers is the yardstick for measuring the success of our activities. We carried out the first nationwide surveys of small- and medium-sized enterprises in Germany in the autumn of 2006 and spring of 2007. The customers surveyed expressed above-average satisfaction with Commerzbank. More than 80% of respondents gave us good or very good ratings, mostly based on positive experiences with corporate financing, client services and the quality of advisory services.



#### Leader in SME financing

In 2006, Commerzbank was named the winner in the annual survey carried out since 2003 by the Association of Independent Entrepreneurs (ASU).

Commerzbank emerged as the best major bank in the ASU company survey on financing of SMEs by banks, far ahead of savings banks, credit institutions and other major banks.

The assessment rated banks by means of qualitative criteria oriented toward SMEs, quality of services and competitive conditions.

The results confirm to us that we have made significant progress toward our goal of becoming the "best bank" in the eyes of small- and medium-sized enterprises.

In July 2007, we reported back the survey results to all participating customers. We aim to derive concrete measures from the surveys in order to further improve our business. At present we are carrying out an additional survey, the initial results of which will be available at the beginning of 2008. Our objective of conducting regular surveys is to achieve an average long-term customer satisfaction rating of at least 80 points on a scale of 100 in the SME market. Furthermore, we have informed our customers about our complaints management system – because we stand to learn from criticism.

### Good advice leads to success

Commerzbank offers its customers a comprehensive range of products and services that are developed to meet their needs, individually oriented and skillfully put into practice. The objective of our advisory services is to help support the success of German small- and medium-sized enterprises.

• **Succession advisory services:** The majority of small- and medium-sized enterprises are family-owned businesses. In terms of corporate successions, however, just one-third of SMEs are passed on within the family, and many firms are even shut down due to the lack of a successor. With our advisory services, we present a wide variety of opportunities for company succession and demonstrate the alternatives, thereby helping to strengthen the SME market in Germany. Hence, our succession advisory services, which we have offered since March 2006, are specifically focused on the small- and medium-sized enterprise that is interested in establishing the long-term continuity of its business and, in this sense, passing the company on within the family or selling it to a strategically interested party.

• **Ratings-oriented advisory services:** We also offer our customers advice on how to improve their credit ratings. As an initial step, we have become one of the first banks in Germany to openly disclose our own ratings results to customers. As a second step, we have further refined our assessment process in order to offer ratings-oriented advisory services on this basis: We have made the rating process transparent and understandable for our customers, giving them a decisive advantage. SMEs that know the criteria and elements of the rating assessment can take specific measures to strengthen their company's competitive position and ensure success in the long term. Our website also offers the opportunity for SMEs to create their own non-binding credit rating.

## Easier access to capital

Commerzbank offers solutions to help SMEs with changes on the capital markets and the challenges of competition.

- **Mezzanine capital:** With mezzanine financing, the provider of capital functions as a kind of "invisible investor", acting as a reliable partner in the background. Though it was a service reserved in the past primarily for large corporations, today it is improving the financing conditions for small- and medium-sized enterprises. Through the silent participation of CBG Commerz Group, SMEs are able to maintain their entrepreneurial freedom. Commerzbank has been offering mezzanine capital since 2004. Thanks to the improved credit ratings that generally result, SMEs have access to the capital markets, often on preferential terms.

- **Second-generation promissory notes:** Our new promissory notes, introduced in March 2007, provide a flexible financing alternative to traditional bank loans. These notes are exclusively tailored to the needs of small- and medium-sized enterprises, featuring small denominations and high standardization with regard to documentation, terms, deadlines, etc. These instruments provide SMEs with access to the capital market, thus expanding their financing options.

- **€ 500 million global loan:** Commerzbank, in cooperation with the Reconstruction Loan Corporation (KfW), signed its fourth-consecutive global loan for small- and medium-sized enterprises in June 2007. The loans are available for any business investment measures that require financing in the medium or long term and are characterized by flexibly fixed terms, risk-adjusted price structures and variable interest rates on request.

## Online banking: better, easier and safer

Mobility has become an entrepreneurial success factor. With this in mind, Commerzbank has offered its Corporate Banking customers mobile access to their corporate client portal for banking transactions since May 2007 – with a USB stick, clients can process and authorize orders securely all around the world via electronic signature.

With the distributed electronic signature function, payments can be prepared by a company's accounting department and approved for release by the manager when out of the office. Commerzbank is the first bank to offer its customers this innovative access service.

## Exchanging views and networking – UnternehmerPerspektiven platform

Weighing the advantages and disadvantages of Germany as a location, developing the necessary innovations to maintain a leading position in the global market, and dealing with bureaucratic hurdles in order to manage business activities flexibly —those are just a few of the challenges that German companies must face on a daily basis.

With the launch of our UnternehmerPerspektiven initiative in 2006, we aim to show small- and medium-sized enterprises possible solutions to their pressing challenges and open the door to new prospects through dialogue.

With this goal in mind, the initiative uses studies to address issues concerning SMEs. Every identifiable issue is supported by relevant facts. In addition, the market research institute TNS Infratest is commissioned by the initiative to carry out one of the largest company surveys in Germany, which includes up to 4,000 firms in each round. Experts from the fields of business, academia and politics as well as associations and institutions then evaluate the results, often bringing to light discussion points that may not yet have been articulated. Through this process, the initiative has published two studies per year. The four studies released up to now have addressed the topics of "The Economy on the Move," "Qualified Personnel as a Key Resource," "Innovation as a Success Factor" and "Growth Through Globalization." The studies can be viewed on the UnternehmerPerspektiven website.

Finally, in dialogue with experts, we also discuss approaches to solutions and compare details of experience and best practices with other companies. For this purpose, 16 events were held throughout Germany just in the year 2006, with roughly 3,500 customers in attendance. And we have planned just as many events for 2007 at which we expect a total of about 4,000 participants.

## RETAIL BANKING

**COMMERZBANK'S RETAIL BANKING BUSINESS IS GROWING: THE BANK HAS GAINED ROUGHLY 300,000 NEW CUSTOMERS SINCE AUTUMN 2006 (INCLUDING COMDIRECT BANK). WE STRIVE TO STAND BY EVERY CUSTOMER AS A RELIABLE AND PROFESSIONAL PARTNER DURING EACH PHASE OF THEIR LIVES. INDEED, CUSTOMERS AND THEIR NEEDS ARE THE CENTRE OF OUR BUSINESS, AND WE FOCUS ALL OF THE ACTIVITIES IN OUR SUSTAINABLE GROWTH PROGRAMME ACCORDINGLY.**

For us, customer service means meeting the needs of every customer as an individual. That means offering our customers access to our products and services in a variety of ways and at times that suit them – whether by telephone, Internet or in one of our branches in Germany, of which there are some 800.

### Steady survey results

Every year since 1993, Commerzbank has carried out a survey through the market research institute TNS Infratest to determine just how satisfied our customers are with our services. In addition, we track any changes in client expectations every two years. In this way, we are able to react quickly to new developments. As reflected in the survey results of recent years, customer satisfaction has held steady with a slight upward trend.

### Criticism presents opportunity

Criticism offers us the chance to do better. Through our Active Complaints Management strategy introduced in 1997, our customers can submit their complaints directly to us via branch office, telephone, e-mail or the yellow comments cards available in branch offices. Customers who prefer to communicate their complaints to a neutral party can contact the Ombudsman of the Association of German Banks.

Only 15.2% of complaints submitted by Commerzbank's customers were upheld by the Ombudsman in 2006 on justifiable grounds. In contrast, the overall banking industry registered an average of more than 60% of cases where complaints were upheld.

The complaints are reviewed by the relevant branch office, and each and every criticism is grounds for a personal client advisor meeting. In 2006, 7,159 complaints were submitted to Commerzbank, which is 16.79% fewer than the 8,604 complaints we received in 2005.

### Good advice from Commerzbank

Because retail customers are not always experts when it comes to financial issues, it is even more important for clients to rely on a competent advisor. We develop products and services that are tailored to the needs of our customers and which are designed to make their lives easy.



#### Award-winning advisory services

Individual and objective – the following awards attest to Commerzbank's high-quality advisory services:

- **TÜV Süd certificate: High-quality standards in the fund-selection process (January 2006)**

This independent monitoring association confirmed that Commerzbank's selection of funds is carried out objectively. Only funds with the best results receive a "best of" or buy recommendation. We were awarded the seal of approval for the first time in September 2004.

- **FINANZtest: Germany's best credit advisory services (February 2007)**

When it comes to credit advisory services, customers are in the best possible hands at Commerzbank. That was the conclusion reached by Finanztest magazine, which named Commerzbank the winner in its test. Among the 13 banks tested by the magazine, Commerzbank emerged at the top of the rankings, with a score of 1.6.

- **Online banking is even more secure:** We offer our customers online banking that meets the toughest security standards with the iTAN system introduced in March 2006, which generates a designated indexed transaction number for each transaction, and BEN, a confirmation code for checking the transfer, and an innovative water mark integrated into each transaction screen.

- **Smoothing the way to college:** Since November 2006, Commerzbank has been a distribution partner for KfW further-education loans. Commerzbank provides the advisory service, while KfW is responsible for making lending decisions and granting loans.



[www.commerzbank.com](http://www.commerzbank.com) ▶ retail banking

## SUSTAINABLE PRODUCTS

**ETHICAL, SOCIAL AND ENVIRONMENTAL CRITERIA ARE PLAYING AN INCREASING ROLE IN THE SELECTION OF INVESTMENT PRODUCTS. COMMERZBANK OFFERS BOTH PRIVATE AND INSTITUTIONAL INVESTORS VARIOUS TYPES OF INVESTMENT WHICH PROVIDE CAPITAL IN A TARGETED MANNER TO SUSTAINABLE BUSINESSES.**

### High potential returns with sustainable equity funds and basket certificates

When it comes to the following products, returns and social and environmental added value go hand in hand. These basket certificates are equity baskets, which mainly differ from equity funds in that their composition does not usually change during the entire term to maturity.

- **„cominvest Klima Aktien“:** This equity fund has a global scope, focusing on investments in clean and efficient technologies for producing energy, renewable energies and fuels of the future. Since July 2007, we have been providing interested investors the opportunity to make a targeted investment in companies committed to minimizing the impact of climate change.

- **„cominvest Fund NewPower“:** Commerzbank started offering this globally active equity fund in January 2001. The fund's focus is on forward-looking forms of energy, equipment and system technologies, and it invests in companies along the entire value chain. On October 31, 2007, the fund was merged with the „cominvest Klima Aktien“ fund, which intensified its investment focus on future-oriented technologies.

- **„Global Sustainability Basket“:** Together with Innovest Strategic Value Advisors, a leading American research company, Commerzbank assembled the Global Sustainability Basket in March 2007 from 20 companies which are leaders in sustainability and provide the widest possible representation in terms of sectors and regions.

- **„New Energy Basket“:** Commerzbank issued the New Energy Basket in September 2006. It contains companies which are active in the areas of alternative, renewable and CO<sub>2</sub>-neutral energies. The New Energy Basket is a mix of smaller, younger companies which are involved in alternative energies and larger, established energy and mechanical engineering companies which are also active in this area.



### Best prospects for total capital preservation

In 2007 Commerzbank also introduced funds to the market from the water and green energy sectors with 100% capital protection. What is special about these funds is that they fulfill investors' need for security: investors participate in the average positive performance of the underlying equity basket, but if prices decline, on maturity they get back at least the fund unit value from the inception date. Commerzbank is one of the leading German providers of this type of capital preservation fund.

- **„cominvest Wasser Aktien Protect“ capital preservation fund:** This fund participates in the average positive performance of a basket made up of equities from water supply, drinking water and hydroelectric power companies. It provides capital in a targeted manner to companies which are concerned with the valuable commodity of water.

- **„cominvest Green Energy Protect“ capital preservation fund:** The fund's underlying selected securities from the Commerzbank Green Energy Basket are among the leading companies in solar and wind energy, water power and bio-energy. These are investments in the forward-looking sectors of environmental technology and alternative energies.



## Commerzbank's Sustainability Fund Index Certificate

Commerzbank's Sustainability Fund Index Certificate is made up of five funds which uniformly invest in companies with ethical and sustainable operations. The fund selection is based on a rating from Standard & Poor's, one of the world's leading rating and research agencies and is re-examined each year. The certificate, which has been available since February 2007, contains both general sustainability funds and water funds.

### Composition

	ISIN	S&P Star Ranking*
KBC Eco – Water C	BE0175479063	★★★★★
Pictet F (LUX) Water PC	LU0104884860	★★★★★
MEAG Nachhaltigkeit A	DE0001619997	★★★★
SAM Sustainable Water F	LU0133061175	★★★★
ING (L) Inv Sustainable	LU0119216553	★★★

Only funds which received at least three stars in the assessment performed by Standard & Poor's Standard Ethical/Socially Responsible Index in the Equity Investment Global sector were selected.

\* Status as of February 13, 2007

THE ONLY BINDING BASIS FOR BUYING UNITS OF COMMERZBANK AND COMINVEST INVESTMENT PRODUCTS IS THE CURRENT SALES PROSPECTUS WITH RISK INFORMATION.

## Promoting environmentally and socially responsible investments

By actively arranging development programmes of the KfW banking group and refinancing funds of the European Investment Bank (EIB), Commerzbank supports the sustainable development of society. In turn, interest charges for private and public households are also significantly reduced.

### Private and Business Customers

Some options for private customers include subsidies from KfW for energy-conserving retrofits of living space, investment loans for photovoltaic equipment and financing of energy-saving houses.

In the credit business with small- and medium-sized (SME) customers we are pushing investment measures in the areas of innovation, the environment and job creation in particular, also in conjunction with development programmes of KfW.

### Public sector

We regularly use external refinancing funds for loans to our customers in the public sector. The key element in this regard is the refinancing funds of the European Investment Bank (EIB) for developing areas with poor infrastructure and promoting environmental projects. We have already completed a total of 19 EIB global loans. In 2007, for example, we placed a separate global loan for over €100 million to support environmental measures in municipal investment.

Investments in municipal infrastructure – for example, for environmentally relevant measures in building renovation – can also be promoted with funds from the KfW development programme "Municipal Investments".



[www.kfw.de/EN\\_Home](http://www.kfw.de/EN_Home)



[www.eib.org](http://www.eib.org)

## RESPONSIBILITY IN LENDING

*BEFORE RECEIVING A LOAN OF ANY KIND, PROSPECTIVE BORROWERS UNDERGO A SERIES OF THOROUGH CHECKS. AT COMMERZBANK, THIS PROCESS IS FOCUSED ON THE CUSTOMER'S CREDIT RATING, THOUGH SUSTAINABILITY-RELATED CRITERIA ARE ALSO TAKEN INTO ACCOUNT WHERE LIABILITY RISKS MIGHT HAVE AN IMPACT ON CREDITWORTHINESS.*

### Lending to corporate customers

In corporate lending, we also examine environmental risks. With every environmental risk that is identified, the likelihood increases that the borrower will default, for example, as a result of claims for damages or simply damage to their reputation. For companies with a clear environmental dimension to their business, outside experts are also consulted where required to assess the risk properly.

### Export financing

As part of export financing, we support our customers – who come primarily from Europe and especially Germany – every step of the way with delivery-linked financing solutions for the export of durable capital goods. The majority of the loans that we provide are backed up by export guarantees from the countries in question. When evaluating a business for its environmental impact, we rely on the checks that government credit insurers perform in every case as part of the guarantee-granting process. In Germany the checks are performed by a consortium made up of Euler Hermes Kreditversicherungs-AG and PricewaterhouseCoopers AG.

The checks are based on the criteria stipulated in the OECD standard "Common Approaches," which contain specifications for reviewing environmental and social impacts when granting state credit insurance for export and project financing. According to these criteria, a business is classified according to social and environmental policy viewpoints in three categories (high, medium, and low environmental and/or social relevance). Business with high and medium relevance is checked both by the credit insurers in accordance with local environmental laws of the destination country and according to international criteria – usually in line with World Bank regulations. For business with a significant environmental component, detailed environmental impact studies must be submitted. In other cases, requirements are stipulated which must regularly be monitored for compliance while they are being implemented.

### Project financing

In project financing, around 85% of the financed projects are in Europe. Project financing is monitored as a matter of course to ensure that it complies with the relevant national environmental guidelines as part of the due diligence process. In the past, Commerzbank was rarely involved with projects in developing countries. In these cases, the aim of the Bank was – and remains – to work with either international institutions (such as the International Finance Corporation, IFC) or national export credit insurance providers, as the standards of those institutions or the national export credit insurance arrangements as laid down by the OECD in its Common Approaches automatically apply.

### Special check on reputation and sustainability impact

All financing projects in which environmental or social aspects play a significant role are now checked and evaluated intensively by our Reputation and Sustainability Management team. Since the last Corporate Responsibility Report was published in 2005, a total of seven financing transactions were not completed due to negative evaluations by Commerzbank.

### Discussion on environmentally friendly and socially responsible investments

On June 18, 2007, a dialogue on "Banks, Pulp and People" took place at the Commerzbank head office. The organizer was the German NGO Urgewald, which has worked for over ten years on environmental and social standards in the financial sector. Non-governmental organizations, including WWF and Greenpeace, together with representatives of other banks, discussed how to make banks' investments in pulp-related products more environmentally and socially responsible. A continuation of the dialogue is planned.



## COMMITMENT TO EMERGING COUNTRIES

**COMMERZBANK VIEWS ACTIVITIES WHICH BENEFIT POORER COUNTRIES AS PART OF ITS RESPONSIBILITY IN A GLOBALIZED WORLD.**

### Code for debtor countries and investors

The “Principles for Stable Capital Flows and Fair Debt Restructuring in Emerging Markets” were developed by major sovereign countries in collaboration with the Institute of International Finance (IIF) and other private-sector institutions. Commerzbank was significantly involved in the initial formulation of the principles.

The voluntary principles of conduct between private creditors and emerging market debtors are intended to help avoid financial crises in the world economy, avert them as early as possible or overcome them as quickly as possible. The aim is to prevent crises by sharing information in good time and liaising with one another. If there are defaults, the principles can contribute significantly to the orderly restructuring of debt so that the country in question regains access to the market in due course.

The principles are gaining wider acceptance thanks to the ongoing work of the IIF. The first debt restructuring based on the principles has already been undertaken in Central America, in Belize. In addition, in 2006 a group of trustees started their work as consultants. Their task is to oversee and support the dissemination of the principles. Commerzbank is represented in the group by its Chairman of the Board of Managing Directors, Klaus-Peter Müller.



### Public Private Partnership: The ProCredit Bank network (microfinance banks)

As early as 2000, Commerzbank had a stake in or was a co-founder of microfinance banks. Our involvement began with a single bank in Kosovo. From there, we expanded into six additional southern European countries. The shareholders in the banks in the ProCredit Bank network each hold an equal share. Today, Commerzbank has holdings of up to 20% in these banks. At the beginning, Commerzbank was the only commercial partner, with public funding bodies such as KfW, EBRD and IFC participating (Public Private Partnership). These bodies

have since incorporated their stakes into ProCredit Holding (where they are a shareholder), which now holds the majority of an overwhelming number of these microfinance banks. To date, Commerzbank is the only German commercial bank with a stake in microfinance banks.

- **Targeted development of SMEs:** In addition to microcredit for small- and medium-sized businesses, these new banks also offer support services for international and deposit business, as well as a range of products for retail banking customers. Initially, credit is granted mainly to small- and medium-sized enterprises to build up this sector, starting with relatively small, short-term loans. In this way, borrowers gradually learn to manage debt capital responsibly and realize that money costs money. Only when the loan has been repaid in full can they apply to borrow larger amounts over a longer period of time. Loan repayments of this kind lead to very low default rates of less than 1%, which encourages the economic development of SMEs and marks a significant step toward the commercialization of development aid in the financial sector.

- **Consideration of sustainability:** The issue of sustainability was integrated from the very beginning in the business strategy of the ProCredit banks and in the principles agreed upon and laid out by the shareholders. An Environmental Exclusion List with clearly defined sustainability criteria is also a definitive factor for bank agreements. Child labour, arms production and non-sustainable forestry are examples of the exclusion criteria. Great value is placed on introducing corporate standards and creating a pool of well-trained local staff to fill positions in the constantly expanding national branch network. New employees are given a code of conduct whose objectives and contents are then explained. These guidelines serve as a valuable framework for staff, setting out the aims and objectives of the bank and an ethical basis for responsible and impeccable conduct toward their customers and colleagues. This framework for relations with and between colleagues is of particular importance in countries characterized by ethnic diversity. Each employee accepts the code each year by providing a signature. Internal Audit checks on an ongoing basis to ensure that the code is observed. The positive working environment is a testament to the systematic implementation of the code of conduct. One key factor here is that these banks offer young people real prospects in their homeland, on both the personal and professional front.

## RISK MANAGEMENT

**IDENTIFYING, MONITORING AND MANAGING RISK IS PART OF COMMERZBANK'S CORE OPERATIONS. A DEDICATED MANAGEMENT BOARD FUNCTION FOCUSES ON THE MANAGEMENT AND CONTROL OF MEASURABLE RISKS. BUT NON-QUANTIFIABLE RISKS, INCLUDING REPUTATIONAL RISK, SHOULD BE ADDRESSED MORE SYSTEMATICALLY AT COMMERZBANK.**

Commerzbank defines risk as the danger of possible losses or lost profits. This danger may be caused by internal or external factors. Commerzbank's Risk Control makes a fundamental distinction between quantifiable – i.e. measurable – and non-quantifiable categories of risk. Detailed information on Commerzbank's risk management can be found in the Risk Report in the Annual Report and has also been available since June 2007 in the Interim Report.

### Risks in the area of corporate responsibility

At Commerzbank, we believe that corporate responsibility extends to all forms of risk. However, reputational risk is of particular importance. By this, we mean the risk of losses, declining revenue or a reduction in the Bank's market value on account of business transactions and other events that erode the confidence that the public, customers, rating agencies, investors or business associates have in the Bank. In their daily activities, the operational divisions, branches and subsidiaries bear direct responsibility for reputational risk arising from their particular business. Reputational risks may result from other types of risk – for example, environmental, tax or legal risks – or arise alongside them. Reputational risks are managed by means of a qualitative approach.

Central management of reputational risks at Commerzbank is done by Group Communications. In the future, reputation-related risks will be identified, observed and processed even more systematically in cooperation with the relevant business units. In addition, individual business – in particular financing transactions – in which ethical, environmental or social aspects play a key role, are now being examined thoroughly and given an assessment which could potentially lead to a rejection of a transaction.

## CORPORATE GOVERNANCE

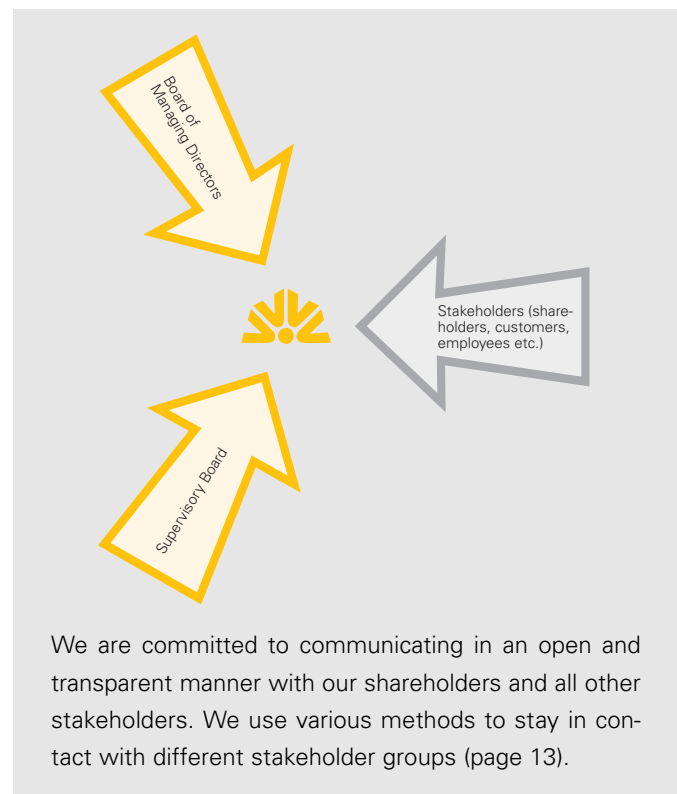
**RESPONSIBLE CORPORATE GOVERNANCE HAS ALWAYS BEEN A HIGH PRIORITY AT COMMERZBANK. WE EXPRESSLY SUPPORT THE GERMAN CORPORATE GOVERNANCE CODE AND THE GOALS AND OBJECTIVES IT PURSUES.**

Commerzbank complies with virtually all of the recommendations of the German Corporate Governance Code. Our annual report contains transparent reporting on the exceptions.

Thanks to the meticulous selection of candidates based on criteria such as academic background, specialist knowledge, professional experience and personal integrity, Commerzbank guarantees that the Board of Managing Directors and Supervisory Board have the necessary expertise to carry out their vital strategic and managerial role for the company.



[www.commerzbank.com](http://www.commerzbank.com) ▶ investor relations ▶ financial reports



## COMPLIANCE

***VIOLATIONS OF COMPLIANCE REGULATIONS PRESENT A RISK FOR COMMERZBANK, NOT ONLY DUE TO POSSIBLE LEGAL AND REGULATORY SANCTIONS OR FINANCIAL LOSSES BUT ALSO BECAUSE OF THE RESULTING LOSS OF TRUST BY OUR STAKEHOLDERS. FOR ALL THESE REASONS, COMPLIANCE IS AN INTEGRAL PART OF THE RISK MANAGEMENT OF COMMERZBANK GROUP.***

Compliance – adhering to applicable laws, regulations and market standards – is the foundation of corporate responsibility. For banks this means both preventing insider trading and money laundering and safeguarding insider information, other confidential information about our customers and their business and investor protection.

Against the backdrop of ever-changing business processes and new legal provisions, we are working continuously to optimize the organization of our Compliance division and compliance-related processes based on a risk-oriented approach.

### Organizational roots

Supervisory and capital market regulations and the Bank's internal rules are monitored by the Group Compliance (ZGC) department, which reports directly to the Chief Financial Officer in order to protect its independence. The department also has comprehensive rights to issue instructions and escalate decision-making as well as to obtain information and conduct investigations.

Its task is to monitor daily business operations and advise Group units on how to develop their products, processes, and approach to customers, as well as to evaluate individual transactions.

For this purpose, Compliance is the focus of an independent network of Compliance departments and employees in related units of the Group. There are set agreements in regard to communication methods and contacts for all decisive processes. Communication between individual Group units takes place both for specific events – meaning when certain problems are noticed or incidents occur – and on a regularly scheduled basis.

All Group units are basically subjected to a standardized Compliance Assessment to evaluate their individual compliance risk and determine the extent of cooperation and individual need for preventive measures based on the findings.

Our Compliance department has a highly developed monitoring system for securities trading which takes both the Bank's proprietary trading and employees' personal transactions into account. The monitoring of business activities for signs of money laundering and terrorism financing is technically enabled by specialized applications.

The IT systems are largely integrated for this purpose so that a range of transaction data can be accessed and checked.

To stay up to date on legal provisions, Compliance maintains regular contact with associations and authorities along with the local Compliance units.

### Compliance today

We are continually adapting our systems and tools to the newest requirements and developments. Both internal requirements and legal changes play a role in this regard.

- **Business Conduct Guidelines:** In 2007 we introduced binding conduct guidelines for our employees at Commerzbank AG to ensure integrity in all daily work situations (see information box).

- **Interest conflict management:** Customers want to be certain that we are acting with their business interests in mind. Parallel to the implementation of the Markets in Financial Instruments Directive (MiFID), a Group-wide rule on how to handle conflicts of interest was introduced on November 1, 2007.

- **Confidential handling of insider information:** Commerzbank monitors the confidential handling of insider information by the strictest standards. Unlawful conduct is not tolerated. Only certain employees receive access to separate confidentiality zones. Employees in the relevant departments are given comprehensive training. Legal requirements are communicated through Compliance manuals and directives.

• **Price and market manipulation:** This entails fraudulent activities which are intended to affect the stock or market price of a financial instrument. In May 2007, the European Court of Justice made a distinction between the ban on insider trading and market manipulation. As part of the implementation of MiFID, which also deals with market manipulation, we will from now on treat the issue as a separate compliance risk. These risks were already under active surveillance in the past, irrespective of the current reorganization.

• **Prevention of money laundering:** International provisions and recommendations such as the Wolfsberg Group of Banks and the Financial Action Task Force on Money Laundering are taken into account in formulating anti-money laundering measures. Commerzbank has already responded to the Third EU Money Laundering Directive, for which no German implementation law has yet been submitted. The global implementation of centrally defined processes to combat money laundering has been set in motion; within this context, clear risk management principles for money laundering are also being introduced. The process is to be completed some time in 2008.

   [www.wolfsberg-principles.com](http://www.wolfsberg-principles.com)

   [www.fatf-gafi.org](http://www.fatf-gafi.org)

• **Fighting corruption and fraud:** To prevent fraud and corruption, various decentralized controls and measures are set up within the Commerzbank Group. These processes and systems are regularly reviewed and updated as required. To fulfil Paragraph 25a of the German Banking Act – which lays out appropriate security measures against fraudulent activities at the expense of the Bank – Commerzbank created a specific group in Compliance. This group analyzes Commerzbank's risk situation, along with the appropriate measures for preventing fraud from a central point in order to decide where exactly there is further need for action in terms of risk. As a result, concrete measures are continuously defined and implemented.




## Rules for everyone – the Business Conduct Guidelines of Commerzbank AG

In February 2007, Commerzbank AG instituted new conduct guidelines for its employees. With these guidelines – along with other measures – we hope to guarantee that Commerzbank AG and its employees adhere to all applicable laws.

Group Compliance worked on the guidelines, which are partially based on regulations in German capital market law, labour law, criminal law and civil law.

The content addresses basic conduct in the workplace, issues such as discretion, insider trading and conflicts of interest and bribery, corruption, tax fraud and prevention of money laundering. It also addresses sanctions based on labour and criminal law for violations of laws and regulations and the appropriate responsibilities of members of management. In addition, it contains support for conduct in the event of any breach being discovered.

The guidelines apply without exception to all Commerzbank AG employees. Each employee is given a copy of the guidelines to familiarize him/herself with them. The guidelines are also available at any time on the intranet. Ongoing training serves to raise awareness of the rules in daily work.

   [www.commerzbank.com](http://www.commerzbank.com) ▶ [about us](#) ▶ [group information](#) ▶ [business conduct guidelines](#)

# **environment**

**responsibility in action**



## **/ hamburger hallig island, 11 a.m. / INTERN TINA RICKERT GUIDES A GROUP OF VACATIONERS ON TIDAL FLATS IN GERMANY**

Every year Commerzbank gives 50 students the opportunity to complete an "Internship for the Environment" at a German national park, nature reserve or biosphere reserve located between the North Sea and the Alps. Tina Rickert landed the northernmost of these internships, at the Wadden Sea in the German state of Schleswig-Holstein. She guides tourists through the coastal landscape and shows them some of the many creatures that conceal themselves in the sand and might be overlooked at first glance: algae, mussels, snails and worms are part of this fascinating habitat for which the tidal flats were declared a national park in 1985. Commerzbank received a UNESCO award in 2007 for its commitment to nature in Germany (page 45).







# ***environment***

## ***responsibility in action***



### **Objectives of corporate environmental protection**

Over the medium term (2008-2012), Commerzbank has set itself the following objectives in environmental protection:

- Promoting the energy and environmentally conscious conduct of our employees through targeted information and training measures;
- Modernizing our buildings and building technology, especially in terms of replacing technical equipment and fixtures for buildings, and pioneering renewable energy technology for the branches, along with new windows and façade insulation;
- Modernizing the heating equipment in the Group's own buildings;
- Minimizing CO<sub>2</sub> emissions during business trips by avoiding plane trips, selecting low-emission company cars and increasing the use of virtual conferences;
- Supplying additional branches with electricity from renewable energies;
- Increasing the percentage of recycled paper used in all divisions of the Bank and promoting electronic solutions with the objective of saving paper, including the use of electronic files.

### **Environmental protection at Commerzbank**

The financial sector does have a direct impact on the environment, particularly in the area of building management: water, energy and heating consumption and the use of ancillary products such as cleaning materials are all environmentally relevant.

Even if the direct environmental impact of a bank is significantly lower than that of an industrial company, this fact does not in any way lessen the responsibility that we have in this area.

That is why corporate environmental management has been a high priority at Commerzbank for many years. In its "Guidelines for the Commerzbank Group" drawn up in 1990, Commerzbank made a clear commitment to social and environmental sustainability. In 1992, Commerzbank also became one of the very first signatories of the United Nations Environment Programme (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development.

Today we are in the final stages of introducing an environmental management system which we hope will help bring about a continuous improvement process for corporate environmental protection.



**BECAUSE CAREFUL STEWARDSHIP OF NATURE AND ITS RESOURCES IS IMPORTANT TO US, WE MAKE SPECIAL EFFORTS IN CORPORATE ENVIRONMENTAL PROTECTION.**

**TO PUT OUR IDEALS INTO PRACTICE, WE DEPEND ON THE HELP OF OUR EMPLOYEES. EACH INDIVIDUAL IS REQUIRED TO TAKE THE ENVIRONMENT INTO ACCOUNT IN THEIR DAILY ACTIVITIES – ONE REASON WE MOTIVATE AND EDUCATE OUR EMPLOYEES ON ENVIRONMENTALLY FRIENDLY CONDUCT.**

### **Review: A basis for continuous improvement**

Although corporate environmental protection may have taken a back seat for a few years during a period of economic difficulties, since then we have established a solid basis for systematically working on this range of issues. In 2007 we created a position for environmental management (page 38) which involves a number of activities.

In light of climate change, we have placed an emphasis on reducing climate-related emissions and defined primary areas of action (page 40). At the same time we were able to make our resource consumption more transparent, for example in water usage (page 42).

An additional milestone is our standard for sustainable procurement: since September 2006, the consideration of sustainability factors has been made an integral part of the bidding process for goods or services to be purchased (page 39).

We see the trend in paper use as critical: our employees have accepted recycled paper less readily recently than in previous years while the use of printer and copier paper has risen. This shows us that we cannot stop our efforts to motivate our employees to use paper in an environmentally conscious manner (page 43).

### **Outlook: Full speed ahead**

We will use the resources created by the new position in environmental management, and with the introduction of the environmental management system planned for 2008, we will further systematize and expand our activities.

We can contribute to climate protection in terms of energy use. Through the exclusive use of environmentally friendly "green" power in the Commerzbank Tower in Frankfurt we will reduce our CO<sub>2</sub> emissions from electricity use by 6% starting from the beginning of 2008.

In addition we have set other goals: we would gradually like to supply more operating sites with power from renewable energy sources and promote energy conservation and environmentally conscious behaviour of our employees.

We will continue to work on increasing the transparency of our resource consumption, for example in paper usage or in the CO<sub>2</sub> emissions from our fleet of company cars.

## ENVIRONMENTAL MANAGEMENT

*WITH OUR APPOINTMENT OF THE FIRST ENVIRONMENTAL REPRESENTATIVE AT A MAJOR GERMAN BANK IN 1990, WE HERALDED A NEW ERA IN CORPORATE ENVIRONMENTAL MANAGEMENT. TODAY ENVIRONMENTAL PROTECTION IS INTEGRATED INTO PRACTICALLY ALL OUR PROCESSES – SUCH AS BUILDING OPERATION, STRUCTURAL ENGINEERING MEASURES, PROCUREMENT AND LOGISTICS.*

Because we see it as an important responsibility to make our employees aware of issues in environmental protection in their daily activities (page 42), a good network of responsible employees within the company is indispensable for successfully implementing environmental objectives.

### Integrated into the entire company

Corporate environmental protection is managed from Building Management, in Operational Organization. The direct reporting path to Group's Board of Managing Directors highlights the significance of environmental issues at Commerzbank.

Within Commerzbank, the representatives of corporate environmental protection are systematically networked with all areas of the company. Communication with the key departments within this context – including Group Procurement, Facility Management, Information Technology and Real-Estate Management – takes place at a structured working level. On the agenda are the classic issues of corporate environmental protection, which at Commerzbank include waste management, energy and water consumption, paper usage, IT facilities, infrastructure, logistics and business travel.

There are also clearly defined lines of communication to the Group's sales and back-office units and to the central and regional employee committees. The objective here is to keep representatives informed and involved in activities related to corporate environmental protection.

Peter Heuer,  
Unit Head in Operational  
Organization and the  
manager responsible for  
corporate environmental  
protection at Commerzbank,  
on the planned introduction  
of the environmental man-  
agement system



*"Environmental action has become a matter of course today, not least of all for economic reasons: waste management, energy consumption and even possible damage to reputation from inadequate environmental safeguards also have an economic impact. Beyond this, environmentally responsible action by a corporation is noticed, demanded and respected by its stakeholders.*

*Aware of all these dimensions, Commerzbank has been taking environmental protection seriously for many years. In addition, we created a position especially for corporate environmental protection as of May 1, 2007. A key goal in this regard is to develop and receive certification for an environmental management system by the end of 2008.*

*The system will allow us to integrate guidelines, objectives, processes and objectives in environmental protection to a greater degree and make systematic progress in their development. Based on a binding environmental protection strategy, we hope to introduce a continuous improvement process which we will have regularly audited by a third party."*

## SUSTAINABILITY IN PROCUREMENT

*AS IT IS IMPORTANT TO US THAT THE PRODUCTS WHICH WE OBTAIN FROM OUR SUPPLIERS ARE MANUFACTURED WITH SUSTAINABILITY IN MIND, WE HAVE TAKEN BASIC STEPS TO INCORPORATE RESPONSIBILITY INTO OUR PROCUREMENT PROCESSES.*

All of Commerzbank's procurement processes are done through Group Procurement. Bundling them in this way allows us to guarantee uniform standards in procurement. In 2006 we integrated responsible conduct to a greater degree into our purchasing – both by formulating ethical guidelines and through our new standard for sustainable procurement.

### Ethical guidelines for procurement

Our newly formulated ethical guidelines form the overall framework of our procurement processes. They explain responsible conduct in terms of supplier interaction and the ways in which economically-minded conduct is compatible with moral principles. They describe the responsibility that the employees involved in the procurement process have to their own company, to suppliers and customers, as well as towards the environment and society. The guidelines are binding and were published on the intranet in February 2006. They are signed each year by the employees in Group Procurement.

### Standard for sustainable procurement

At the start of 2006, the project for sustainable purchasing in Procurement began. The objective was to completely rework the procurement guidelines, and in doing so, to take aspects of sustainability into account.

To develop a robust standard, the term "sustainability" was first defined for the procurement process. From there we came to the conclusion that the procurement standard would need to have an environmental, an economic and a social-ethical dimension. While defining criteria for sustainability, one consideration we followed was using as a reference the requirements of the capital market, such as those of sustainability indices such as the Dow Jones Sustainability Index. We also took the requirements of the environmental management system ISO 14 001 as a starting point.

In the next step, the Procurement department reviewed the entire product range for sustainability as part of a comprehensive inventory. In addition, credible seals of sustainability were researched to see whether they could be recommended as part of the standard. This makes the sustainability standard feasible for the procurement process.

Since September 2006, sustainability has become an integral part of the bidding process for goods or services to be purchased. Commerzbank makes purchases according to sustainability criteria while also taking costs into account. Group Procurement is responsible for the Group-wide implementation of purchasing guidelines. All employees have access to the standards from the intranet. The following examples are useful illustrations of how the standards for sustainable procurement are being put into practice:

- **Office supplies:** We obtain our office supplies exclusively from manufacturers who have signed a sustainability declaration and who are also certified according to the ISO standard 9000ff for quality assurance in production. Material data safety sheets inform our employees on how to handle individual products and materials safely.
- **Print media:** As part of the standard, Commerzbank has made a clear commitment to considering workshops employing the disabled when accepting bids for advertising and print materials. With this in mind, we have concluded a framework agreement with reha GmbH, a disabled persons' workshop in Saarbrücken which has been integrating disabled people into working life for the past 40 years.
- **Thermal paper:** Thermal paper is used at Commerzbank for printing account statements. Production of this paper is based on the standards of two European associations – the European Thermal Paper Association (ETPA) and the Association of the European Manufacturers of Carbonless Copy Paper (AEMCP). Both associations have adopted voluntary declarations which prescribe the specific substances to be used in thermal paper and prohibit the use of materials which present a risk for people and the environment.

We will continue the measures detailed here, identify further potential for improvement and work on making the best use of that potential.

## CLIMATE PROTECTION

**THE GERMAN FEDERAL GOVERNMENT HAS SET THE GOAL OF REDUCING GERMAN CO<sub>2</sub> EMISSIONS BY 2010 BY 40% COMPARED TO 1990. COMMERZBANK IS ALSO REQUIRED TO DO ITS PART. THAT IS WHY IT IS EVEN MORE IMPORTANT TO US TO REDUCE CO<sub>2</sub> EMISSIONS CAUSED BY OUR BUSINESS ACTIVITIES AND TO AVOID THEM WHEREVER POSSIBLE.**

To protect the climate we have identified two strategic areas of action: climate-friendly energy supply for our offices and taking environmental effects into account when planning business trips. At the same time, key contributions are coming from our efforts in the area of energy efficiency (page 41) and greater awareness on the part of our employees (page 42).

### Climate-friendly energy supply

In order for the energy supply to our offices in Germany to be as low in CO<sub>2</sub> as possible, we would like to significantly increase the percentage of power generated from renewable sources. A first milestone in this direction has already been achieved: starting from January 1, 2008, our tower in Frankfurt will be supplied exclusively with green energy. With this measure alone, Commerzbank in Germany will reduce the CO<sub>2</sub> output from its electricity consumption by 6%.

A further key objective is optimizing our electricity and heat usage. To accomplish this goal we are pushing CO<sub>2</sub>-saving measures in building management. That is why we are planning to replace the technical equipment and fixtures for our buildings and recondition the heating equipment, among other climate-friendly measures. Environmentally friendly alternatives are also being continually reviewed for building renovations.

In outdoor advertising we will reduce electricity consumption in new installations by up to 65% by using modern LED technology.

### Three guidelines for business travel

Besides its energy consumption, Commerzbank also causes CO<sub>2</sub> emissions through the business trips of its employees. Here we see the second opportunity to make a contribution to climate protection. Three key guidelines keep our employees accountable in selecting the most environmentally friendly form of transport, which is often also the most cost-efficient option for their business travel.

- **Virtual conferences:** Since March 2001 virtual conferences with the help of video broadcasts have been made the preferred choice over business trips. Travel-related environmental impact can be completely avoided in this way. Many of our departments have been using video conferences for several years now. Conducting conferences via web broadcast is currently in the test phase.

- **Environmentally friendly transportation:** Since March 2001 we have encouraged our employees to use environmentally friendly methods of transportation. High-emission air travel, for example, is to be avoided whenever possible.

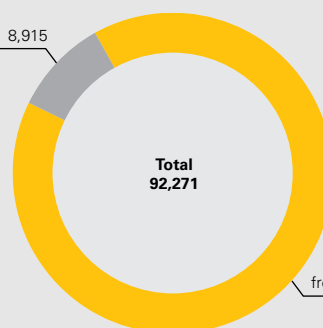
- **Soot particle filter in fleet of company cars:** Since January 2005, equipping newly acquired diesel models with soot particle filters has been compulsory.

In addition we have had a preferred partnership for ten years with contract hotels in the Accor Group, which is listed in the Dow Jones Sustainability Index (DJSI) and as such is one of the most sustainable companies in its sector worldwide.

### CO<sub>2</sub> emissions

in tonnes, 2006

from business trips 8,915



from energy use 83,356

Commerzbank AG (Germany)  
CO<sub>2</sub> emissions were calculated on the basis of figures from the Association for Environmental Management in Banks, Saving Banks, and Insurance Companies (VfU). It was not possible to include bank cars (individuals' company cars and pool vehicles) at the time of this report's publication. Reliable data will, however, be collected over the course of 2007.

## ENERGY USE

**THERE IS A DIRECT RELATIONSHIP BETWEEN OUR ENERGY CONSUMPTION AND THE RESULTING CO<sub>2</sub> EMISSIONS. THAT IS WHY THIS ISSUE IS BECOMING INCREASINGLY RELEVANT TO CLIMATE PROTECTION.**

We have information on the electricity consumption for all our office locations. Only in the case of district heating and gas consumption do we not yet have data for 58% of our locations. We are working on these figures and on creating more transparency by collecting the missing data as part of the environmental management system which is being developed.

### Electricity

The electricity consumption at our German locations in 2006 was 3.5% higher than in 2004. We attribute this increase to fluctuations in the climate and the changes in equipment operation as a result. As part of the development of the federal German energy mix, the percentage of renewable energies has more than doubled within the last four years: in 2006 a total of 22 GWh came from a mix of solar energy, wind energy and water power in contrast to only 10 GWh in 2003. We are working on actively continuing to raise this percentage in the future. As part of this effort we will supply our head office in Frankfurt solely with green energy starting from 2008 (page 44).

### CO<sub>2</sub> emissions by energy source

in tonnes, 2005-2006

Energy source	Consumption		CO <sub>2</sub>	
	2005	2006	2005	2006
Electricity	143 GWh	147 GWh	72,500.0 t	74,131.0 t
District heating	70 GWh	74 GWh	67.3 t	70.9 t
Gas	41.66 GWh	38.06 GWh	9,497.0 t	8,677.0 t
Heating oil	135 000 l	135 000 l	478.0 t	478.0 t
<b>Total</b>			<b>82,542.3 t</b>	<b>83,356.9 t</b>

Commerzbank AG (Germany)

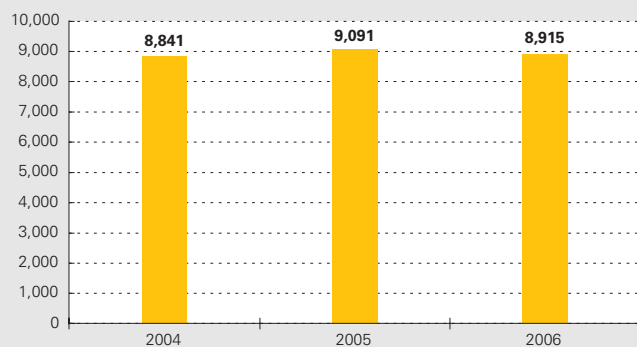
CO<sub>2</sub> emissions were calculated on the basis of figures from the Association for Environmental Management in Banks, Saving Banks, and Insurance Companies (VfU).

### District heating, gas and heating oil

Where heating is concerned – which includes gas, district heating and heating oil – 42% of our locations nationwide are charged directly for their usage through the Commerzbank administrative system. These locations are the largest ones at Commerzbank and are responsible for a majority of the energy consumption at the Bank. Reliable information on these 412 locations is available: 300 of them are heated with gas. Consumption was lowered by 3.6 GWh since 2005 and totalled 38.06 GWh in 2006. For the 97 locations supplied with district heating, consumption in 2006 was 74 GWh (2005: 70 GWh). We are increasingly moving away from reliance on heating oil. Since our last report, the number of locations heated with heating oil has decreased from 18 to 15. Consumption was 135,000 litres in 2006.

### CO<sub>2</sub> emissions from business trips

in tonnes, 2004-2006

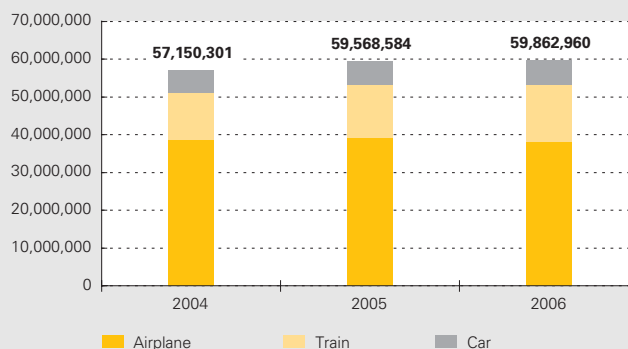


Commerzbank AG (Germany)

CO<sub>2</sub> emissions are from travel by airplanes, trains and individual vehicles. It was not possible to include bank cars (individuals' company cars and pool vehicles) at the time of this report's publication. Reliable data will, however, be collected over the course of 2007.

### Business trips by method of transportation

in kilometres, 2004-2006



Commerzbank AG (Germany)

The number of kilometres travelled in cars is the total of distances driven in personal motor vehicles. It was not possible to include bank cars (individuals' company cars and pool vehicles) at the time of this report's publication. Reliable data will, however, be collected over the course of 2007.

## **WATER USE**

**AT COMMERZBANK WATER IS USED FOR SANITATION FACILITIES, IN KITCHENS AND FOR AIR CONDITIONING. SINCE OUR LAST CORPORATE RESPONSIBILITY REPORT IN 2005, WE HAVE INCREASED THE NUMBER OF LOCATIONS INCLUDED IN THE SURVEY DATA. THIS PROVIDES AN INCREASINGLY RELIABLE BASIS FOR IDENTIFYING AND TAKING ADVANTAGE OF POTENTIAL FOR EFFICIENCY INCREASES.**

In terms of the transparency of our water use, we have made the following progress: we are currently gathering data for water use for 200 of our 972 German locations, while at the time of our last report there was only reliable data for the two largest locations which are in Frankfurt – the Commerzbank Tower and the Service Center. In 2005 the water use at the 200 locations on record was 267,800 m<sup>3</sup>, and in 2006 it was 262,000 m<sup>3</sup>.

### **More efficiency**

To reduce our water use, we are using environmentally friendly technology. At the Commerzbank Tower, for instance, fresh water from the air conditioning system is reused for flushing toilets. At the Service Center in Frankfurt, rainwater is collected in a cistern and reused in the cooling system or toilets there. In 2006 we reduced our water use compared to the previous year by 2.2% at the German locations for which we collected data.

## **WASTE MANAGEMENT**

**OUR WASTE MANAGEMENT IS GEARED TOWARD THREE BASIC PRINCIPLES: REDUCE, REUSE, RECYCLE – IN THAT ORDER.**

Wherever possible, we try to

1. reduce waste by using resources efficiently and sparingly;
2. redirect any waste to be reused;
3. recycle any non-reusable waste in a manner that is as environmentally friendly as possible.

Up to now we have been collecting commercial waste and paper and cardboard waste for our Commerzbank Tower in Frankfurt (page 44). As part of the introduction of our new environmental management system, we are working to create a central collection point for all of our locations in Germany.

The majority of the waste generated at Commerzbank is paper and cardboard. Commerzbank employees separate used paper from other waste, and the paper is passed on to paper mills for recycling.

One special issue in the banking sector is the handling of data storage media such as CDs or magnetic tape which contain sensitive customer data. These items are destroyed and disposed of in an environmentally sound manner while also maintaining data protection. Magnetic tapes, for example, are physically destroyed and the resulting pieces are recycled. We also shred used paper before disposing of it properly.

## **EMPLOYEE AWARENESS**

**WE CONSIDER IT AN ESSENTIAL RESPONSIBILITY TO RAISE THE ENVIRONMENTAL AWARENESS OF OUR EMPLOYEES. BY USING TARGETED CAMPAIGNS, WE BRING THE RELEVANCE OF ENVIRONMENTALLY RESPONSIBLE CONDUCT HOME TO THEM.**

We keep our employees informed about issues of corporate environmental protection over the intranet and through the employee newsletter. One of our goals in corporate environmental protection is to expand our activities

in this area (page 36). One way we are getting employees involved in environmental protection is by participating in the Energy Trophy, an EU-wide competition for saving energy in office buildings. Two of our branch offices are representing Commerzbank from September 2007 to August 2008: our branch in Bremen and our branch in Ibbenbüren. Employees at both branches receive posters, flyers and e-mails with information on the competition and on opportunities for saving energy around the office.



## PAPER USE

**DESPITE ADVANCES IN TECHNOLOGY, PAPER REMAINS AN IMPORTANT MEDIUM. FOR A SERVICE COMPANY LIKE COMMERZBANK, MANAGING PAPER USE IS A KEY AREA OF ACTION IN CORPORATE ENVIRONMENTAL PROTECTION.**

There are three elements of sustainable paper use: first of all, we can purchase more paper from sustainable sources; second, we can make our employees aware of the issue; and third, we can save paper when communicating with our customers.

### Paper procurement

Currently our greatest challenge in purchasing paper is increasing the percentage of environmentally certified paper. Our standard for sustainable procurement which was introduced in September 2006 set the initial course (page 39): by promoting increased consideration of product seals such as FSC and PEFC, which guarantee the use of sustainable forestry. The same is true for the Blue Angel product seal which appears on all of the recycled paper we now use.

 [www.blauer-engel.de](http://www.blauer-engel.de)

 [www.fsc.org](http://www.fsc.org)

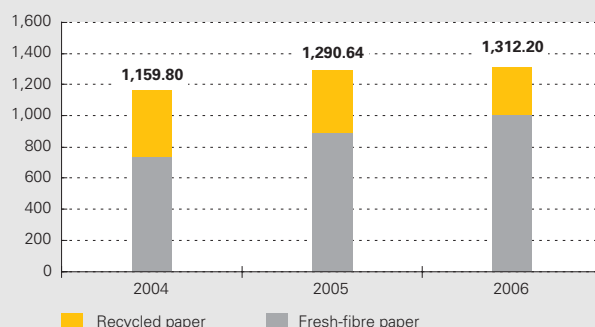
 [www.pefc.org](http://www.pefc.org)

After the Energy Trophy competition has ended, we will analyze the results in order to identify energy saving potential for all of Commerzbank. We will communicate the findings to our employees and incorporate them into our environmental programme.

 [www.energytrophy.org](http://www.energytrophy.org)

### Paper consumption

in tonnes, 2004-2006



Commerzbank AG (Germany)

Our recycled paper bears the Blue Angel product seal; the data provided refers exclusively to the usage of printer and copier paper.

### Paper use at Commerzbank

At the time of this report's publication we only had reliable figures for printer and copier paper, whose use has risen (see chart). Since 2003, the proportion of recycled paper used has also dropped from around 37% to approximately 23%. With this in mind we will make our employees more aware of how vital it is to use paper sparingly, with the environment in mind (page 42). One concrete measure we are introducing is to make double-sided printing standard.

By switching to an electronic archiving system we have been able to save around 65 million pages of paper since 2001. Our objective is to reduce our paper use even further in the future using similar solutions.

### Saving paper in customer communication

For our communication with our customers we use mainly fresh-fibre paper, but the envelopes we use are generally made of 100% recycled paper.

Since February 2007 we have been offering our customers an electronic inbox as part of Internet banking, in which we provide electronic versions of account statements, credit card bills and contract notes upon request. Around 100,000 customers currently use the electronic inbox. In February 2007 to July 2007 alone we saved – along with our customers – 1.5 million sheets of paper.

## ENVIRONMENTALLY FRIENDLY BUILDING MANAGEMENT – EXEMPLIFIED BY THE COMMERZBANK TOWER

THE COMMERZBANK TOWER IS LOCATED IN THE HEART OF DOWNTOWN FRANKFURT. WITH OVER 86,000 M<sup>2</sup> OF FLOOR SPACE, IT PROVIDES A PLEASANT WORK ENVIRONMENT FOR AROUND 2,500 EMPLOYEES. THE TOWER WAS BUILT WITH THE USE OF INNOVATIVE AND ENVIRONMENTALLY FRIENDLY BUILDING TECHNOLOGY.

### Our contribution to climate protection

Starting from January 1, 2008, the Commerzbank Tower will be supplied exclusively with green energy derived from renewable energy sources. This switch will reduce our CO<sub>2</sub> emissions from electricity in Germany by 6%. We will also set a good example for reducing CO<sub>2</sub> emissions with our tower.

### Natural ventilation

Even at the planning stage of the 50-story tower, great care was taken to ensure that, rather than having the air conditioning system running continually, natural ventilation would be possible for at least 60% of the year. To help guarantee this, all the windows up to the highest floor in the building can



be opened. The double-skin façade, the outer layer of which can be opened, allows fresh air to flow into the building through the windows. Our experience shows that the offices can be naturally vented in this way for more than nine months of the year.

### Environmentally friendly air conditioning

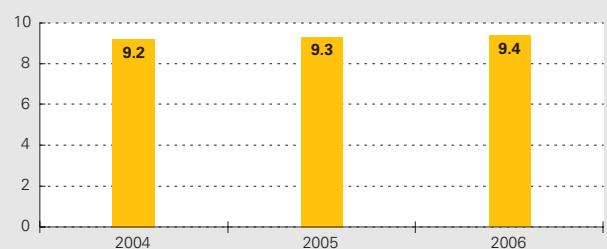
If natural ventilation is not possible due to inclement weather, the air conditioning system is activated. The integral chilled ceilings are fed by an eco-friendly combined heat and power system. The fresh water used for cooling is then reused for flushing the toilets in the building.

### Low-impact building cleaning

All Commerzbank buildings, including the Commerzbank Tower, are cleaned exclusively with biodegradable cleaning products. The use of these types of cleaning products is specified in the agreements we have with our external service providers.

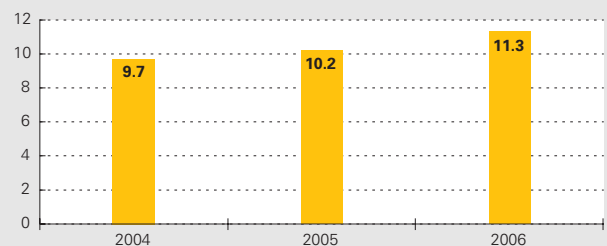
#### Electricity use at the Commerzbank Tower

in gigawatt-hours (GWh), 2004-2006



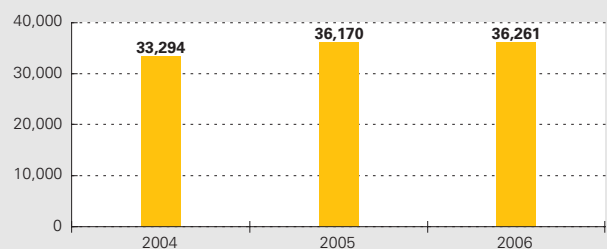
#### District heating use at the Commerzbank Tower

in gigawatt-hours (GWh), 2004-2006



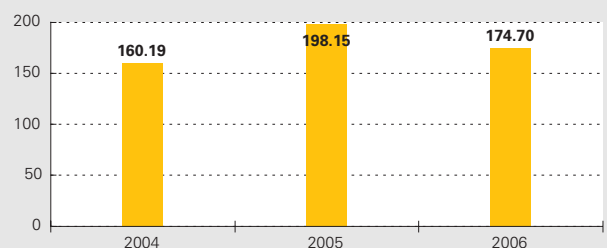
#### Water use at the Commerzbank Tower

in cubic metres, 2004-2006



#### Commercial waste from the Commerzbank Tower

in tonnes, 2004-2006



Commercial waste indicates waste for recovery; waste for disposal is no longer collected at the Tower.

## INTERNSHIP FOR THE ENVIRONMENT

**EVERY YEAR COMMERZBANK PROVIDES 50 STUDENTS WITH THE OPPORTUNITY TO COMPLETE AN INTERNSHIP FOR THE ENVIRONMENT, A THREE- OR SIX-MONTH INTERNSHIP AT A GERMAN NATIONAL PARK, NATURE RESERVE OR BIOSPHERE RESERVE LOCATED SOMEWHERE BETWEEN THE NORTH SEA AND THE ALPS. COMMERZBANK TAKES CARE OF THE ACCOMMODATIONS AND STIPEND, WHILE THE STUDENTS PROVIDE ACTIVE SUPPORT IN PROTECTING THE LAST WILDERNESS AREAS IN GERMANY.**

For 18 years now, Commerzbank has had a partnership with EUROPARC Germany, the umbrella organization for nature and natural parks. The success of the project has been proven not only by being a recipient of the International Sponsoring Award but also by the positive feedback garnered from the interns themselves: "The internship for the environment is ideal in terms of organization, advising and pay", commented Ursula Leuthold, who worked for three months at the Wadden Sea National Park in Schleswig-Holstein. "I had a great job where I spent a lot of time outdoors, my ideas were allowed free rein and I worked with an excellent team of young people".

### Expansion to the Czech Republic

The Internship for the Environment was also offered in the Czech Republic for the first time this year: a German intern supported German-Czech collaboration at the Šumava/Bohemian Forest National Park. In return, a Czech student completed an Internship for the Environment at the Bavarian Forest National Park. The intern exchange with the Czech Republic was initiated and supported by Commerzbank Prague.



### Award from UNESCO

In spring 2007 the German UNESCO commission named the Internship for the Environment as an official "Decade Project" as part of the United Nations Decade of Education for Sustainable Development. Since the decade officially began in 2005, projects and initiatives which perform outstanding educational work in the area of sustainable development are eligible for recognition as a "Decade Project". The goal is to honour and bring attention to the commitment and valuable work that is being performed throughout Germany in the interest of education for sustainable development. As the decade progresses, a dense and highly visible network of good examples in practice is emerging. Commerzbank and EUROPARC Germany are delighted to be part of this network and to make a contribution to the objectives of education for sustainable development with this joint project.

### Future challenges

There are a number of possibilities and ideas for taking the project further. This year's intern exchange with the Czech Republic is an example of one starting point: the Czech pilot project could serve as a model for additional cross-border partnerships with other European countries.

The award that the Internship for the Environment received from UNESCO has also provided us with incentive to further develop the project in terms of the concept of education for sustainable development.

### Eligibility requirements

Students of all majors who are interested in environmental education and the public sector and who enjoy working with people may apply for an Internship for the Environment. The application period runs every year from the beginning of October until January 7. Complete information on the project is available at



[www.praktikum-fuer-die-umwelt.de](http://www.praktikum-fuer-die-umwelt.de)



# employees

**unleashing the power  
of vision**



## **/ frankfurt am main, 2 pm, the company kindergarten /**

### **COMMERZBANK KIDS LET OFF STEAM ON THE PLAYGROUND**

At Kids & Co., the Commerzbank day-care centre located in Frankfurt near our offices, there is plenty of activity: 170 children keep the staff on their toes. As on most afternoons, they romp across the playground, ride on the merry-go-round or climb on the play equipment. Commerzbank supports its staff by offering a wide range of childcare programmes and activities so that staff enjoy a better work-life balance. An emergency childcare service also ensures that children are taken care of free of charge when employees have short-term needs. In the standard day-care programme, children ranging in age from infants to six years are divided into four groups – ducks, dolphins, whales and starfish – and receive comprehensive educational care that includes not only early music education but also their first introduction to the English language (page 60).







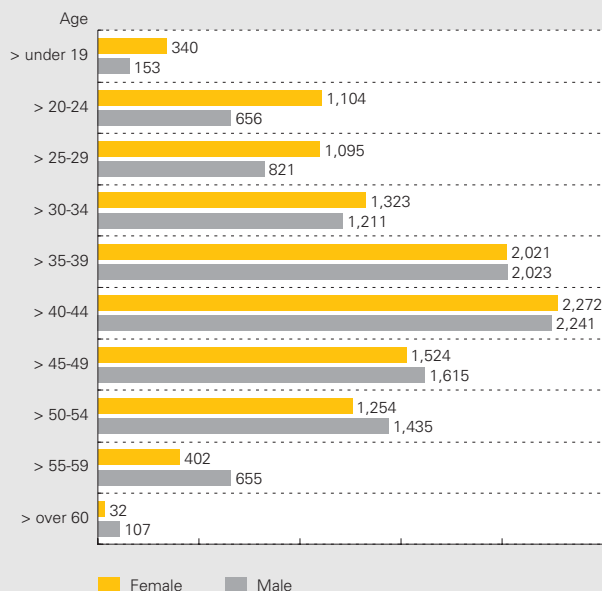


# employees

**unleashing the power  
of vision**



**Age structure of Commerzbank employees  
2006**



Commerzbank AG (Germany)

About 20% of our employees are over 50 years of age. Their accumulated experience and expertise are very valuable to Commerzbank (page 61).

## Our staff

We need motivated, well-trained staff whose service focus, competence and sincerity will inspire confidence in our customers. In turn, our staff need a working environment in which they feel comfortable and in which they are also supported.

We work together with Commerzbank employee representatives to maintain a supportive working environment. A wide range of staff development opportunities and attractive performance-based compensation create an environment in which our staff members identify with Commerzbank and with their jobs, feel appreciated, and are motivated. Our corporate culture – characterized by openness and respect for our colleagues' individuality – plays a key role in this regard.

Our commitment also pays off economically. One example of this is the emergency childcare service that we make available to our employees at numerous sites throughout the country. It ensures that our staff will not miss work when they have pressing childcare needs.

To ensure that we will be able to cover personnel requirements over the long term, we are also reaching out to the next generation of employees: we offer young people job opportunities with good prospects for the future.

**PEOPLE ARE THE FACTOR THAT GUARANTEES COMMERZBANK'S SUCCESS. WE OFFER THEM THE FREEDOM TO DEVELOP AND IMPLEMENT THEIR OWN IDEAS. WE MOTIVATE THEM TO ACHIEVE OUTSTANDING PERFORMANCE. AND WE OFFER THEM EXCELLENT FUTURE PROSPECTS.**

**WE ARE ALSO THINKING OF OUR FUTURE WORKFORCE. WE KNOW THAT WELL-EDUCATED INDIVIDUALS SELECT THE COMPANY THEY WANT TO WORK FOR VERY CAREFULLY. IN ORDER TO ATTRACT THESE INDIVIDUALS, IT IS BECOMING MORE IMPORTANT FOR A COMPANY TO DEMONSTRATE ITS RESPONSIBLE CONDUCT – ESPECIALLY GIVEN DEMOGRAPHIC TRENDS. THERE ARE FEWER AND FEWER QUALIFIED YOUNG PEOPLE AVAILABLE.**

### **Review: Supporting our staff in times of change**

The period since the publication of our last corporate responsibility report was characterized by changes in our internal structures. We have made a supreme effort to support our staff during these necessary changes. Because our working relationship with employee representatives is based on trust, it was possible to ensure that this structural transformation would be socially responsible (page 52).

The introduction of the employee survey as a permanent tool was an important milestone in meeting our responsibilities as an employer. The survey allows us to involve all employees actively in the shaping of our company and to respond specifically to their suggestions and requests.

In the area of junior staff development, we are very pleased that we were able to increase the number of traineeships significantly (page 54): Commerzbank has hired 100 additional trainees in retail banking, and they began their training on August 1, 2007. With a total of 611 new hires and an above-average training rate of 7.4%, Commerzbank has consolidated its top position among German companies that maintain training programmes.

### **Outlook: Continuing to enhance our attractiveness as an employer**

Since economic and social conditions are always changing, our biggest challenge for the future may well be to create an appealing work environment for our staff.

The topic of structural change will remain very important. In order to compete successfully, we must also make sure that our structures are efficient in the future. Change management, which supports our employees during processes of change, will play a key role. In order to take into account the increasingly dynamic and complex work environment, our company health management system will have to deal to a greater degree with work-related psychological issues.

Today's knowledge-based society also demands that we continually expand our training and staff development programmes. We must ensure that we have the qualified employees we need over the long term. In addition to attracting talented young people as employees, we will make a greater effort in the future to maintain and support our staff's ability to perform at a high level. Our goal is to provide each employee with an appealing work environment.

## EMPLOYEE SURVEY

**EMPLOYEES ARE IMPORTANT COMMERZBANK STAKEHOLDERS. THEIR SATISFACTION, AND ESPECIALLY A SENSE OF SOLIDARITY WITH "THEIR" COMMERZBANK ARE KEY SUCCESS FACTORS. THIS IS WHY, IN 2005, COMMERZBANK BEGAN TO INVOLVE STAFF IN THE SHAPING AND STRUCTURING OF THE COMPANY THROUGH A CONTINUOUS AND COMPREHENSIVE SURVEY PROCESS.**

The employee survey helps us to get better. It enables us to identify factors that strengthen employee commitment and foster business success. Conditions that impede success can be detected at an early stage so that the necessary improvements can be initiated. The survey also gives management a representative picture of current staff sentiment and valuable information for managing the organization. The employee survey is thus a key element of corporate culture.

### Commerzbank employee survey

The employee survey system that was developed with TNS Infratest is based on two different, complementary components. Absolute anonymity is guaranteed in both components. This is the only way that a company can obtain an honest picture of the general mood among employees.

- **Short survey:** Employee commitment to Commerzbank is surveyed annually, and the result of this yearly survey is the Organizational Commitment Index (OCI). The information about commitment trends stimulates our executives and staff to work together to find opportunities for improvement.
- **Full survey:** Every three years, the short survey is expanded to include a strength-weakness analysis. Using a multi-level system, the survey asks about the subjective importance of certain aspects of employment such as work environment, compensation, or work-life balance. The respondents are then asked about Commerzbank's performance as an employer with respect to these specific criteria. A total of 44 questions on five general topics are included. By comparing the two sets of results, it is possible to determine the need for action – whether for Commerzbank as a whole or for individual departments or teams. Using detailed analysis, measures for improvement are developed and implemented throughout Commerzbank and in individual units.

### High level of participation

The process was launched in 2005 with a full survey including both components. A short survey that concentrated on the Organizational Commitment Index (OCI) was carried out in 2006.

Staff interest in the survey was considerable. A large percentage of employees – 72% in 2005 and 71% in 2006 – took advantage of the opportunity to offer their views, opinions and ideas and be actively involved in Commerzbank.

### Results of the full survey

Three types of improvement measures were identified in conjunction with the full employee survey that included strength-weakness analysis:

- **Individual improvements:** This included improvements to be implemented on a regional or local basis such as introducing weekly team meetings or standardized feedback systems.
- **Department-specific improvements:** This included measures for correcting weaknesses within a single department's sphere of activity. One good example is the request for a review of salaries and benefits: in this case, Human Resources would assist line managers.
- **Bank-wide areas of action:** This includes comprehensive improvements that relate to the entire Bank, such as improvements involving corporate culture or company strategy (see information box).

### Results of the short survey

The Organizational Commitment Index (OCI) was compiled again in 2006, making comparisons with the previous year possible.

Commerzbank expected that the OCI would improve from 2005 to 2006, since external and internal conditions had changed to a great extent. By acquiring Eurohypo, Commerzbank had improved its market position considerably: it was no longer the eternal takeover candidate but was now the second

### Key results of the full survey

A total of 274 department-specific measures for improvement were developed within defined areas of action on the basis of the full survey.

Bank-wide areas of action included the following examples:

- **Commerzbank strategy:** Internal and external communication of strategy will be improved.
- **Staff development and human resources management:** The subject of professional qualifications and skills will play an even bigger role in Retail Banking in the future.
- **Market and customer focus:** Processes will be reviewed with a greater emphasis on customer focus. In addition, communication between headquarters and branches in Retail Banking will be improved.

In addition to these three areas of action, other focal points were mentioned: salary and benefits, working hours, knowledge transfer, and better information technology that will meet requirements more effectively. Numerous measures for improvement were also defined in these areas.

largest listed bank in Germany and the bank with the most business in Germany. Implementation of a large number of local improvements and the 274 suggestions for nationwide improvement should have resulted in better employee satisfaction.

But the expected improvement in the overall result did not occur. The Commitment Index, which was at an unsatisfactorily low level in the first survey, had not changed as a bank-wide average within the space of one year. As a matter of fact, experience has shown that the OCI of large companies or divisions changes very slowly. On the other hand, the OCI of a department can change significantly within one year.

Important changes were apparent in individual units, and some of these changes were considerable. There were both dramatic improvements and drastic changes for the worse, but in both cases it was possible to identify specific causes. Improvement in the Commitment Index was primarily apparent in areas in which the findings from the first survey had led to intensive work and in which no new negative factors appeared. Changes for the worse were noted primarily in areas in which restructuring and the associated uncertainty, job anxiety and dissatisfaction had impacted everyday operations. We are trying to address these issues by implementing comprehensive measures, including those which are part of our change management programme (page 53).

### Outlook

The employee survey tool is absolutely essential for a transparent strength-weakness analysis. Involving staff stakeholders actively in shaping the company is a major step in improving both corporate culture and the ability of an organization to perform at a high level.

In addition to using the survey to develop specific improvements, Commerzbank also integrates the survey into everyday work, which emphasizes the seriousness of the entire process. OCI ratings are an integral part of comprehensive human resource management at Commerzbank.

Commerzbank carried out another short survey in September 2007. Another full, group-wide survey will be carried out in 2008 and will be followed by an extensive strength-weakness analysis. Commerzbank subsidiaries in Germany will be included in the survey for the first time.

## STRUCTURAL CHANGE

**FERCE COMPETITION IN THE BANKING INDUSTRY DEMANDS CONTINUOUS STRUCTURAL CHANGE AT COMMERZBANK. THIS IS THE ONLY WAY THAT WE CAN ENSURE MARKET VIABILITY OVER THE LONG TERM. ONE OF OUR MOST IMPORTANT TASKS SINCE PUBLICATION OF OUR LAST CORPORATE RESPONSIBILITY REPORT WAS TO SUPPORT OUR EMPLOYEES DURING THIS PROCESS OF CORPORATE CHANGE.**

### Structural changes in employment

Various optimization programmes confront staff with new challenges. Our job is to support and assist our employees wherever possible.

- **Integration of Eurohypo:** A key aspect of this process was integrating the retail credit processing functions of both companies. This process was handled as a special project called "Retail Credit Business". The official transfer of Eurohypo's retail credit business to Commerzbank was completed on February 1, 2007. This meant that Commerzbank assumed Eurohypo's employer obligations. In order to make it possible for the new staff members to make a smooth transition, we placed maximum emphasis on transparent communication during the process. Affected employees were thoroughly informed about the impact the transition would have for them with respect to salary, benefits and retirement. Around 77% of Eurohypo employees accepted the individually tailored contract offered by Commerzbank rather than transferring on the basis of statutory provisions.

- **"Service to Perform":** This project, which has been underway since the end of 2005, is aimed at increasing the efficiency and competitiveness of our corporate service departments – IT and Transaction Banking – on a permanent basis. In concrete terms, this means reducing costs by a total of € 200 million by completion of the project at the end of 2007. However, Service to Perform is not just a cost cutting project. The goal is rather to increase the efficiency of the service departments.

This is done, for example, by optimizing process and workflow structures and by streamlining procedures but also maintaining the required service quality, and by spinning off and outsourcing standardized tasks. In addition, some of the restruc-

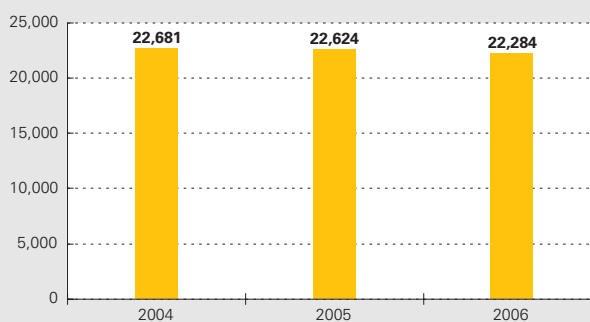
turing was accomplished by deciding that Commerzbank staff would in the future handle jobs that had previously been done by external service providers.

In the process we also placed special emphasis on employee development and skills. Affected staff from the IT departments, for example, are now being trained as application developers. This means that they are well qualified to handle the changes in requirements. We made sure that these necessary steps are socially responsible by working closely with the Full Works Council that represents all Commerzbank employees. After restructuring, there will be about 450 fewer full-time employees in the affected departments. Nonetheless, 230 employees found a new job in another Commerzbank department.

- **"End-to-end credit":** In a programme that was largely completed in 2006, we revised and optimized our global credit processes in our corporate banking business. This involved closing nine credit processing offices in Germany and at the same time creating competence centres at selected locations. A social compensation plan and an agreement balancing employer and employee interests were negotiated with the Full Works Council. We were able to create a network of social services and compensation programmes that provide employees with job opportunities and counselling, for example. And employees from the offices that were closed were given hiring priority for jobs created at the remaining nine locations. In order to guarantee smooth introduction of the new lending processes, comprehensive information and training programmes were provided to all affected employees.

#### Total headcount

2004-2006



Commerzbank AG (Germany)



### Staff turnover by reason for departure

in %, 2004-2006



Permanent staff of Commerzbank AG (Germany)

Permanent staff includes all employees with the exception of vocational and professional trainees, temporary workers, volunteers, cleaning and kitchen staff, and employees on maternity or medical leave.

### Support by Change Management

Our Human Resources department plays a key role in the processes described before. As part of change management, it gives departments and employees affected by changes many different types of assistance so that they can cope successfully with processes of change and reposition themselves in the new environment.

For example, Change Management works closely with the affected units to discuss their purpose and strategic orientation and ensure clarity of roles and tasks. Processes, tools and methods are analyzed and optimized. Communication within the unit is also analyzed and improved. The major focus is on creating a sense of community among the employees in the restructured departments.

Restructured or newly created units are assisted through comprehensive team-building measures. Another factor that becomes more significant as structural changes increase is staff mobility, which we support with financial incentives, for example. The success of our Change Management effort is apparent in the fact that the departments assisted in this way show a greater willingness to change.

### Change Management as exemplified by the Retail Credit Business project

The Retail Credit Business project, which provided the impetus for the official transfer of Eurohypo's retail lending business to Commerzbank and the basic reorganization of the combined retail lending business, required a drastic change in both the role and purpose of the departments involved. The varied and challenging changes involved special requirements for all employees and especially for the managerial staff. The goal for Commerzbank was therefore to provide suitable procedures and measures for successful change – focusing on the specific needs of the departments.

The aim was to develop a common culture that would connect "new" and "old" employees. In specific terms, this meant fostering interaction between the individual units and groups and assigning responsibilities and functions clearly.

Advice and support by the Change Management team was provided in several stages. Our Change Management team first conducted qualitative interviews with affected staff members in order to determine the individual needs of the departments. On the basis of these results, initial workshops for management staff were developed. The aim was to form a common identity among the departments and to promote communication and cooperation within the management team. In addition, fields of action and topics for the rest of the process were identified. The workshops enjoyed a high level of acceptance among the participants, as indicated by the positive feedback in connection with evaluations and the high level of participant commitment.

The process will now be continued at the staff level on the basis of these results. One of the goals is to ensure that the process is closely integrated and meshed with the ComWerte process (page 8).

## STARTING A CAREER

**WE WOULD LIKE TO CREATE MORE TRAINEESHIPS IN GERMANY: COMMERZBANK IS TRAINING MORE YOUNG PEOPLE THAN IT ACTUALLY NEEDS. WE ALSO OFFER UNIVERSITY GRADUATES ATTRACTIVE ENTRY-LEVEL OPPORTUNITIES IN OUR COMPANY – WITH GOOD PROSPECTS FOR THE FUTURE.**

Our training and entry-level programmes are flexible and individually structured to fit individuals who would like to grow with us. In the past few years we have made our programmes for junior staff even more appealing.

### Training at Commerzbank

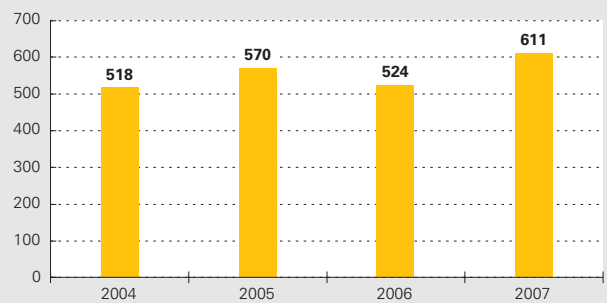
With our great commitment to vocational training, we are investing in the future and are taking our social responsibility seriously as one of the largest employers in Germany. In the last few years we have continually increased the number of trainee positions. In 2007 we made 650 traineeships available for Commerzbank AG – 100 more than in the previous year. With a total of 1,500 trainees, our training rate within the corporation at the end of 2007 was 7.4%. Thus Commerzbank ranks among the top DAX-30 companies in Germany in the area of vocational training. A further increase in trainee hires to approximately 800 is planned for 2008, which will bring the total number of trainees to 1,700.

At Commerzbank, young trainees obtain an excellent foundation for long-term career development. During the two- to three-year training programme, trainees work at our branches and become familiar with the most important aspects of banking operations. In addition to their part-time theoretical studies at vocational school, trainees can also take advantage of practical in-house training sessions, workshops and online instruc-



### Newly hired trainees

2004-2007



Commerzbank AG (Germany)

tional media covering all important banking topics. In addition to training future bankers, office communications specialists or IT specialists, we also offer a dual programme of study in cooperation with colleges of advanced vocational studies (*Berufsakademien*): young people who plan to enter the banking profession alternate study at a college with practical training at Commerzbank and receive their Bachelor of Arts after three years.

By offering new occupational choices and training programmes and by adapting existing job profiles, we respond at an early stage to social and technological advances as well as to the needs and requirements of Commerzbank and our customers:

In 2008, for example, we are planning to include a new occupational profile – dialogue marketing specialist – in our training programme, and beginning in 2008 we also want to train bankers specifically for corporate banking.

Our training methods are also being continually revised and adapted. We are currently working on a systematic way to link e-learning and classroom methods. We established the learning portal CLiCNET in 2006 for this purpose. It gives our trainees access to supplementary learning and communications options.

### University students and graduates

In order to meet our future needs for motivated and qualified university graduates, Commerzbank is enhancing its image as an employer of choice. We give students promising opportunities while they are still at the university. We have developed different ways to introduce them to our industry and the world of banking.

Students can acquire their first professional experience with us by working as interns. We place great importance on providing them with appropriate compensation. In 2006 we employed 350 interns. We also give selected interns the opportunity to write a practice-oriented graduation thesis with us.

Students who show a high level of interest and potential are asked to join our study group, in which we prepare them systematically for their first professional job at our bank on the basis of an individual development plan. The study group shortens the period of training after graduation significantly or offers students the opportunity to join Commerzbank immediately after graduation. We also support former Commerzbank vocational trainees when they go on to study at a university. We provided funding to a total of 450 students in 2006, fostering in them a sense of loyalty to our company.

And finally, Commerzbank offers entry-level staff many different customized professional trainee programmes. Professional Commerzbank trainees are prepared for the challenges of modern banking in practice-oriented programmes. In 2006 a total of 200 university graduates took part in our professional trainee programmes.

 [www.commerzbank.com](http://www.commerzbank.com) ▶ a career



### Prize-winning career marketing

#### "Human Resources on the Internet 2006"

Commerzbank received an award for its career website on the Internet. In the "Human Resources on the Internet 2006" ranking by the Fachhochschule Wiesbaden (Wiesbaden Technical University), Commerzbank was named the best financial services provider and was in fourth place overall, an outstanding achievement.

#### Recruitment marketing

The German advertising yearbook *Jahrbuch der Werbung* published by Econ-Verlag in October 2006, paid tribute to Commerzbank's recruitment efforts. This publication, which is a standard work in the German advertising industry, ranked the company's vocational and professional trainee campaign among the top 10 in the "Recruiting and Employee Communication" category.

### Reorientation of programmes for junior staff

An ambitious bank with ambitious goals needs the best junior staff possible. In Germany there is intense competition for the best talent on the job market.

Given this situation, an interdisciplinary team has been working since March 2007 on reorienting the junior staff programmes in conjunction with Project NewCom. The goal is to put Commerzbank in an even better position, especially among university graduates and students, as an employer of choice. At the same time we are streamlining existing hiring processes and ensuring that junior staff development programmes fulfil real needs and are department-specific. Responsibilities, products and processes have been reviewed. Implementation of project results will begin in early 2008, for the most part.

Advisors known as "NewCom" will advise our junior staff and will be responsible for recruitment and hiring. NewCom advisors will also coordinate resource planning and guidance for talented junior staff.

Our interns, study group members, students at the Frankfurt School of Finance & Management and professional trainees will also be given even more support in the future. One example of this is the buddy concept. Experienced trainees are available to offer advice and support to younger colleagues beginning their first day at work. Furthermore, the various programmes for junior staff – internship, study group and professional trainee programme – will be integrated and harmonized to a greater degree.

Given our wide range of activities, direct contact with our applicant target groups is very important. We are represented at all relevant job fairs for school-age trainees and participate in partnerships with schools. We have also initiated a new programme called Management Meets Campus in which representatives of top management make contact with our target universities.

In addition to these efforts, we are pursuing a new path in human resources communication by instituting "lighthouse projects" – which we hope will set us apart from other recruiters and get the attention of our target groups. In 2007, for example, Commerzbank will hold a recruitment event on a ship for the first time. At this event, selected high-potential job candidates will have the opportunity to exchange information with representatives of the Board of Managing Directors and top management.

## **ADVANCED TRAINING AND STAFF DEVELOPMENT**

*THE SUCCESS OF OUR COMPANY DEPENDS TO A CRUCIAL EXTENT ON THE QUALIFICATIONS OF OUR EMPLOYEES. IN ORDER TO MEET THE NEEDS OF OUR CUSTOMERS AND OFFER OUR EMPLOYEES PROSPECTS FOR THE FUTURE, WE CONSIDER TRAINING AND STAFF DEVELOPMENT TO BE A VERY HIGH PRIORITY.*

We support our staff in their pursuit of individual career paths. To this end, we provide a wide range of training and professional development programmes.

### **Systematic development planning**

Together with our employees, we help plan their career development and offer them opportunities to systematically acquire additional qualifications.

Our ComSkill programme has made it possible since 2003 for employees and executives to evaluate their professional and personal skills based on defined criteria. These skill profiles can be compared with approximately 800 different job profiles in Commerzbank's database.

In 2006 we integrated ComSkill into a highly structured HR development process and added new tools. A voluntary self-assessment is now followed by mandatory meetings for all employees to discuss their potential. In the course of these meetings, line managers compare their employee's self-assessment with their own observations in a structured process. Then they decide together which additional qualifications are necessary or what path should be followed in order to be promoted to a new position. By expanding ComSkill to include ComStep, we have made it possible for our staff to develop their careers step by step within a specific area along standard career paths. In this process they gradually acquire a series of skill sets that build on one another.

### **Improved teamwork through systematic feedback**

Since our Commerzbank feedback system was introduced in January 2002, our employees now have the opportunity to give their line manager structured feedback. In follow-up workshops, they can then use these results to work on further improvements in team communication and cooperation. Since this feedback system was successfully introduced in branches in Germany and in other countries as well as in the staff departments at headquarters, it has enjoyed brisk demand and a high rate of use. Building on this success, we are now beginning to introduce a 360° feedback system at the level of group management and Board of Managing Directors. The goals include taking stock of one's individual performance, optimizing managerial style, and also introducing a continuous feedback culture.



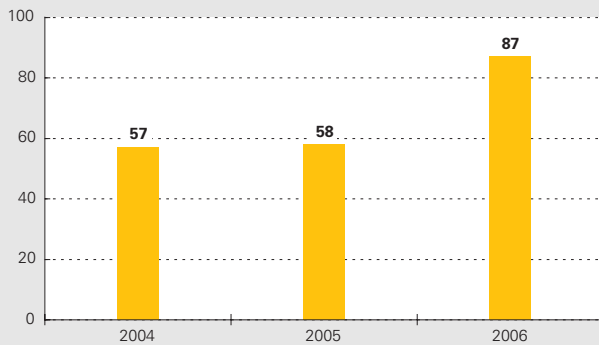
### **Management staff training and qualifications**

We fill managerial positions primarily from our own ranks. We promote employees who have specific qualifications by including them in management circles. In selecting candidates, we place particular value on management potential and a high level of motivation and willingness to work. The participants in management circles are prepared for their jobs through systematic training in management-related subject areas.

## CO-DETERMINATION

### Employees with regular performance appraisal and career development planning

in %, 2004-2006



Permanent staff of Commerzbank AG (Germany)  
Permanent staff includes all employees with the exception of vocational and professional trainees, temporary workers, volunteers, cleaning and kitchen staff, and employees on maternity or medical leave. Development planning was surveyed for the first time in 2006 and included 43% of employees.

Similarly, the current challenges facing our managers are discussed in seminars and workshops dealing with change management, strategic and entrepreneurial orientation, and banking-related topics. There are opportunities for one-on-one exchanges concerning individual areas of development in the form of mentoring programmes, coaching and feedback within management circles.

Training candidates for upper management positions was a special focus in 2007. An executive development programme designed specifically for senior management focused on the extreme importance of leadership and management responsibility and on strategic orientation. A mixture of case studies, project work, reflection and private feedback meetings, along with the resulting individual development plan offers our executives the opportunity for further career development in specific areas.

**CONSTRUCTIVE AND RESPONSIBLE DIALOGUE BETWEEN EMPLOYEES AND COMPANY MANAGEMENT IS A KEY SUCCESS FACTOR FOR COMPANIES. WE FEEL IT IS VERY IMPORTANT TO INCLUDE OUR EMPLOYEE REPRESENTATIVES IN ALL IMPORTANT DECISIONS.**

We take the participatory rights of employee representatives very seriously. Finding a consensus between employers and employees is a significant aspect of how we work together to shape our company. This involves not only Works Councils but also cooperation with the representatives of groups such as senior staff, people with disabilities, and younger staff.

### Support in change processes

In times of structural change at Commerzbank, close cooperation with employee representatives becomes even more important. The Full Works Council is actively involved in all decision-making processes related to changes. We develop solutions in a constructive, trust-based dialogue in order to implement the necessary changes as quickly and economically as possible and with the least possible stress for our staff (page 52).

### Multiple company agreements

Company agreements in all key areas have been developed and finalized in cooperation with the appropriate staff council members responsible for given areas. Important agreements include, for example, the new compensation policy for exempt employees (salaried staff not covered by collective agreements) and agreements on profit-sharing or on the assessment of staff potential. We are in negotiations over a company agreement that would ban smoking at the head office.

### Events and seminars

In addition to events required under law, we also offer in-house training for members of the Works Council and the representatives of younger staff on the subject of employment law. They are organized together with representatives of the Full Works Council and are very popular.



## HEALTH AND SAFETY AT WORK

***WE AIM TO PROVIDE OUR EMPLOYEES WITH A WORK ENVIRONMENT THAT PROMOTES THEIR HEALTH AND ABILITIES TO AN ADVANCED AGE. WE HAVE NUMEROUS PROGRAMMES FOR RAISING EMPLOYEE AWARENESS ABOUT SAFE AND HEALTHY BEHAVIOUR BOTH AT WORK AND AWAY FROM WORK. WE HAVE HIGH STANDARDS FOR OUR ACTIVITIES IN THIS AREA: OUR GOAL IS VERIFIABLE EFFECTIVENESS AND SUSTAINABILITY.***

Our highly trained team of dedicated specialists in this field have been maintaining rigorous health and safety standards for many years. In the late 1990s we began to concentrate on health promotion as a company programme. Since 2001 we have also been working together at all our locations with dbgs GesundheitsService GmbH, an external provider of company medical services that specializes in employee health nationwide.

### Development of occupational health management

Commerzbank is continuing to systematically develop its activities in the areas of health and safety at work, concentrating more on safety in the workplace.

In 2007, Facility Management, a head office department, took over the presidency of the Group Health & Safety Committee, and the specialized training of safety representatives, floor representatives and facility management specialists is now being coordinated centrally. This enables us to ensure that training and skills meet a uniformly high standard throughout the Group.

On the health front, we have set ourselves the goal of integrating all health promotion measures as part of sustainable health management, and it is intended that this process should be completed in 2008. The organizational structures for achieving this objective were put in place in April 2006, when we created an additional full-time position in occupation health management.

### Preventive healthcare

Maintaining good health is a top priority. At Commerzbank, we offer our employees a range of preventative healthcare services at numerous locations, such as flu shots, prevention of cardiovascular diseases or eye examinations. Commerzbank also has many different initiatives aimed at raising awareness among its employees regarding healthy lifestyles. For example, the "5 per day" project was launched at the Frankfurt location in early 2007. Its goal is to encourage Commerzbank employees to maintain a healthy and balanced diet. In 2006 Commerzbank also participated for the third year in the "Ride your bike to work" campaign. The campaign's goal is to change employees' habits and remedy lack of exercise. In addition, we have been supporting a company sports programme at Commerzbank for over 50 years. Today about 5,000 employees in over 130 cities are active in more than 30 different sports.



## Company agreements

In the area of health and safety, we work closely with our employee representatives (page 57). In May 2007 an action plan on addiction prevention was voted on by the Full Works Council and approved. It will allow us to offer assistance to affected employees as early as possible and will enable line managers and colleagues to respond appropriately to employees' addiction problems or drug abuse. Furthermore, Commerzbank is in negotiations over a company agreement which would ban smoking at the head office and which would also lay the foundation for regional negotiations. The policy will be accompanied by campaigns focusing on preventive medicine with mottos such as "The wind of change instead of a smoky haze". As part of this campaign, for example, our employees could have their lungs or cardiovascular system checked free of charge.

## Dealing with stress

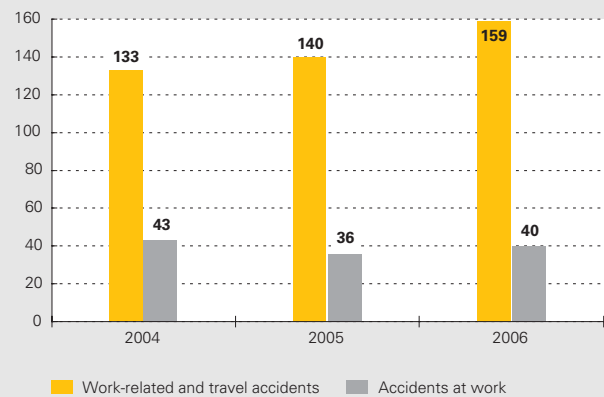
Demands on our employees are increasing: the work environment is becoming more complex, while flexibility and mobility are becoming more and more important. A pilot study on stress management carried out in 2003 showed us how important it is to help employees deal productively with stress. Accordingly, the impact of the constantly changing work environment and work-related psychological concerns are receiving more attention. We have created a company-wide programme that provides financial assistance to all employees who attend a seminar on how to deal with stress in one's professional life.

## Safety in the workplace

The number of accidents at work has been at a low level overall in recent years, with slight fluctuations. But accidents during travel between home and work have increased, especially weather-related falls.

### Workplace and travel accidents

2004-2006



Commerzbank AG (Germany)

Accidents as defined by the German Social Code are included, i.e., all accidents involving more than three days of inability to work.

Successful prevention of workplace and travel accidents is a high priority for us. We are continually systematizing our activities that focus on health and safety in the workplace and in general. The audit of the internal health & safety management system (AMS) that is scheduled for 2008 represents an important milestone in this regard. In addition, fire safety and evacuation management regulations were optimized in 2007 to ensure uniformity throughout the Group.

## Psychological counselling after bank robberies

Commerzbank's multi-stage model for psychological counselling of employees and customers after bank robberies has proved very effective in recent years. Commerzbank provides immediate professional counselling by specially trained HR advisors and psychologists. Information for managers is available on the intranet so that they can provide immediate counselling for their employees after bank robberies. The staff in our branches are instructed semi-annually on conduct during robberies. There is also a special video available for this purpose.

## DIVERSITY

**DIVERSITY ENRICHES OUR LIVES AND OUR DAY-TO-DAY WORK RELATIONSHIPS. FOR COMMERZBANK, DIVERSITY MEANS THAT WE SEE THE DIFFERENT QUALITIES OFFERED BY OUR EMPLOYEES AS A VALUABLE ASSET. THIS ALLOWS US TO ANALYZE CHALLENGES FROM MANY DIFFERENT PERSPECTIVES, RESPOND WITH FLEXIBILITY, AND FIND PROMISING ANSWERS IN A DIVERSE WORLD.**

For more than 17 years, we have instituted numerous practice-oriented measures to promote individuality in our company. While the focus early on was on helping women to combine family and work, we are now working to foster a diverse corporate culture and support a fair and open approach with respect to diversity and the different lifestyles of our employees. Commerzbank has developed a comprehensive diversity management system that creates attractive work conditions, involves employees closely in processes, encourages open dialogue, and raises awareness on the part of managers.

### Combining family life and work

Commerzbank offers programmes that make it easier to combine work and family – over and above compliance with legal regulations and requirements of collective bargaining agreements. Such programmes include “Comeback plus”, a programme based on a company agreement which is designed for parents returning to work after the birth of a child.

In addition, Commerzbank supports its employees with childcare allowances. They can also receive counselling free of charge throughout Germany from our cooperative partner pme Family Service regarding all forms of childcare and care of close relatives, or they can be referred to the appropriate counsellors.



### Work & Family audit certificate from the Hertie Foundation

The Work & Family audit of the non-profit Hertie Foundation (Hertie-Stiftung Deutschland) evaluates a company's family programmes and services, weighting them on the basis of a comprehensive catalogue of criteria. The objectives for a company's family-oriented human resources policy are defined, and achievement of these objectives is reviewed after three years in a re-auditing process. Commerzbank AG first received the basic certificate six years ago, and in May 2006 it was awarded for the second time.

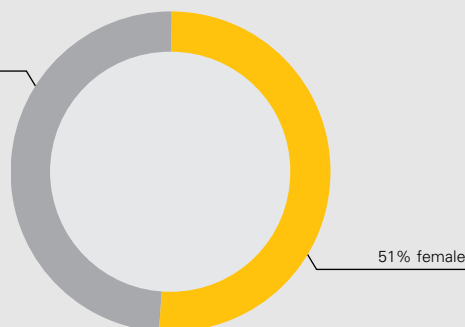
Our day-care centre Kids & Co., which was established with Family Service, was expanded in 2006 by an additional 20 full-time places, bringing the total number of childcare places to 100. Currently about 170 children are cared for in a place-sharing arrangement. Commerzbank parents can also obtain emergency childcare for short-term needs at 18 sites throughout Germany. Emergency childcare is free of charge to employees for up to 30 days. A large number of flexible work options and home office solutions complete our family and work programme.

Our staff initiatives make an important contribution. “Courage”, the in-house women's network, and a working group with a focus on fathers both make it easier to combine family and work at Commerzbank. In these groups, projects are initiated, experiences are shared, and important suggestions and other ideas are provided.

#### Employees by gender

2006

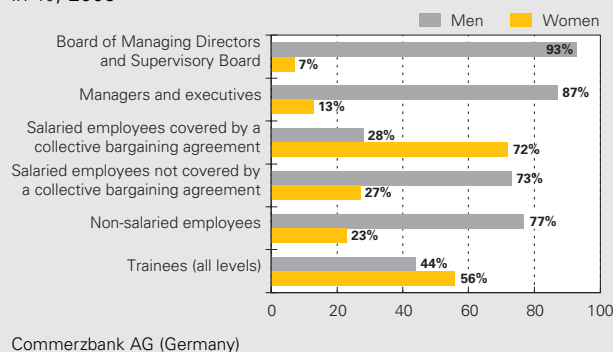
49% male



Commerzbank AG (Germany)

#### Employees by job category and gender

in %, 2006



"Diversity leads to success. Staff diversity is extremely important to us. A climate of openness and mutual respect is a key requirement for our business success. Our employees respect the corporate culture at Commerzbank, which is grounded in fairness. Motivated and high-performing, they contribute their diverse talents, experiences and perspective to the company and to dialogue with our customers. After all, our customers also have different desires and ideas and want to work with people who will appreciate their own diversity. In our team we are working every day to promote and sustain Commerzbank's multi-faceted corporate culture on a permanent basis. This will also help make the company stronger in competitive terms."



Barbara David (left), Head of Diversity Management at Commerzbank, with Eva Prinz (centre) and Jutta Wolf (right)

### Supporting women at Commerzbank

Although women start their professional careers these days with the same qualifications as men, they often do not advance as far for a number of different reasons. One part of diversity management is thus aimed specifically at support for women's careers.

We offer high-potential female employees the opportunity to participate in external year-long mentoring programmes in which they can benefit from the experience of top managers from other companies. We also offer special lectures and workshops to our female staff in connection with the series entitled **/ forum diversity /** "Courage", the in-house women's network that was established in 1998, is also an advocate for professional and personal development of women at Commerzbank and is actively supported by the company.



#### Total E-QUALITY

The TOTAL E-QUALITY award is presented to businesses, organizations, universities, and research institutions that pursue human resources policies based on equal opportunity. In 2006, Commerzbank received this award for the fourth time in a row.

### Working together across the generations

Against the backdrop of demographic change and diversity concerns, cooperation among different generations plays a key role. Today 20% of our staff members are 50 years or older. Our goal is to create a culture of mutual appreciation and promote mixed-age teams in which younger and older staff complement one another based on their experience, individual qualities and skills.

We conduct workshops in which we discuss how employees and managers experience inter-generational collaboration and how the range of expertise can be strategically utilized. Several projects are in the planning stage that will aim to raise awareness about this topic within the company and help staff avoid stereotyping older and younger colleagues alike.

### Guaranteeing fairness in the workplace

In a corporate culture based on openness, mutual respect and trust, there is no room for bullying, sexual harassment or other types of discrimination. We strive to guarantee fairness in the workplace through specific measures.

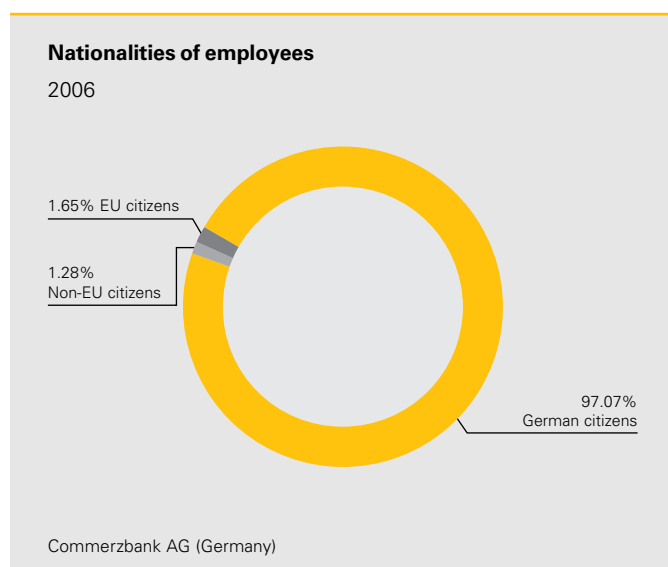
In cooperation with Human Resources and the Full Works Council, we developed a company agreement on fairness. As a result of this agreement, mechanisms for filing complaints were defined; HR advisors, staff council members and managerial staff were trained; and information was made available on the intranet for all employees.

After the General Equal Treatment Act (AGG) took effect in August 2006 in Germany, we carried out training sessions for all employees and managerial staff to inform them about the contents of this new law.

In addition, we support employee initiatives such as the in-house network for gays and lesbians called **/ arco /** which was organized five years ago and includes about 300 employees throughout the Commerzbank Group.

## Managing cultural diversity

The financial sector has an increasingly international and intercultural orientation. The cultural diversity of employees is therefore also a key aspect of diversity management. We will give more attention to this issue in the future by offering our staff workshops in which they can acquire the intercultural skills needed in banking operations. Some business lines will receive individual support – such as when employees from other countries work in Germany. A series of events dealing with cultural diversity is in the planning stage.

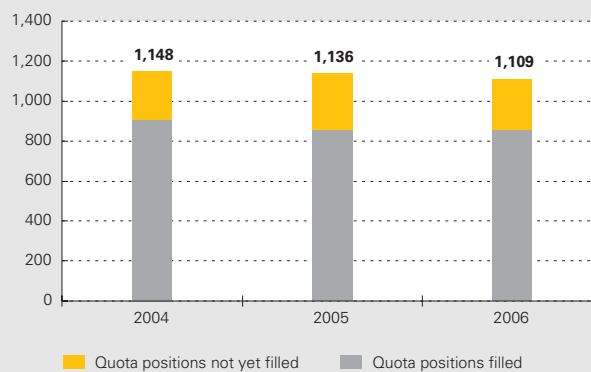


## Working with individuals with disabilities

Employment of people with disabilities is part of our everyday work at Commerzbank. Over 800 of our employees are classified as severely disabled or the equivalent. A significant number (47%) are 50 years or older, and over half are women.

### Development of jobs reserved for persons with disabilities under the statutory quota system

2004-2006



Since the total percentage of severely disabled employees or the equivalent is just under 4%, Commerzbank does not yet meet the statutory quota of 5% and must therefore pay compensation for each quota position unfilled.

Employees classified as disabled have many different types of disabilities. Some are immediately recognizable, such as when people use wheelchairs. But most disabilities are only apparent during personal interaction, if at all. Since there is no single type of "person with disabilities", we do not want to think of our employees solely in terms of their disability. Fairness is the order of the day – regardless of whether a disability is involved or not.

Working together with the representatives of our disabled employees, our goal is to provide a positive foundation for employees with disabilities at Commerzbank through a range of measures and through employee counselling and support.

## A clear commitment to diversity

Commerzbank is one of the first companies to sign the Diversity Charter for Companies in Germany, a special project of German Chancellor Angela Merkel. Commerzbank signed this charter in March 2007, thereby giving a clear signal that it recognizes and values the diversity of its employees, customers and business partners.



[www.commerzbank.com](http://www.commerzbank.com) ▶ a career ▶ diversity

## COMPENSATION

**WE ARE CONVINCED THAT WE WILL BEST REACH OUR GOALS AS A BANK WHEN OUR EMPLOYEES SHARE IN THEIR OWN AND IN OUR SUCCESS. FOR THAT REASON, WE HAVE CONSISTENTLY BASED OUR COMPENSATION SYSTEM ON RESULTS AND PERFORMANCE.**

Results- and performance-based compensation is an important component of our entrepreneurial strategy. We first introduced a profit-sharing plan for our employees for fiscal year 2005. We have now re-organized other components of the compensation system in cooperation with the Works Council and created a results- and performance-based compensation system.

### Performance appraisal

Appraisal of the performance of each staff member is the basis for our new compensation system. This is done by the employee's immediate supervisor or line manager. Detailed guidelines ensure that the process is transparent and verifiable. Concrete agreements on objectives are reached in consultation with employees.

In addition, performance appraisals evaluate the extent to which an employee has carried out job responsibilities and assignments, while also considering specific job requirements. Our goal for the future is to optimize our performance appraisal system. We completed a preliminary study on this subject in 2007 that analyzed the interaction between various management instruments and defined the overall project in greater detail. We plan to introduce an integrated performance management system in the future.

### Reorientation of compensation

A new compensation programme called "vario" led to changes in bonuses and in the taxation of basic salary for exempt employees beginning in fiscal year 2006. Starting in fiscal year 2007, the profit-sharing system for exempt personnel was also brought into line with the non-exempt model.

The compensation programme is characterized by four principles: a strict results orientation, greater weight given to performance, enhancement of transparency, and greater freedom for managers in structuring the individual compensation of their staff members. This allows us to reward the performance of our staff more appropriately than was previously the case and to enable employees to share in the bank's success. Another advantage is that this programme guarantees maximum financing security for Commerzbank.



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### Providing benefits

In addition to an individual salary and performance bonus, the Commerzbank compensation system also has a third component: company benefits. Our objective is to provide an extensive and attractive range of company benefits. An important innovation in 2007, for example, was the extension of optional accident insurance benefits to cover the private sphere.

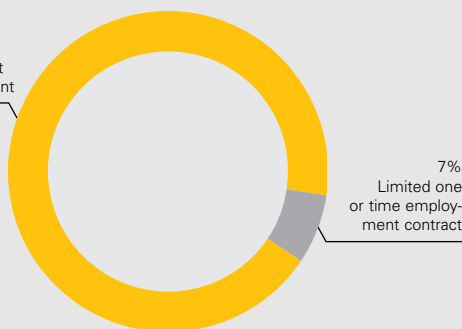


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#### Staff in contract kind

2006

93%  
Unlimited contract  
or firm employment



Commerzbank AG (Germany)

#### Company benefits

€ in thousands, 2004-2006

Commerzbank AG	2004	2005	2006
Expenditure for pensions	165,499.0	151,373.5	169,197.5
Employer's share of contribution to BVV retirement fund	38,484.2	37,561.8	37,138.7
Meal allowances and allowances for in-house cafeterias and lunchrooms	17,978.0	18,349.4	19,400.5
Jubilee payments (incl. provisions)	15,853.0	19,663.4	5,985.6
Reimbursement of banking commissions and fees	13,167.6	12,503.1	12,788.6
Employee stock	2,098.1	2,288.6	1,107.4
Vacation allowances (in Germany and abroad)	207.4	498.7	660.8
Company parties and other company events	1,209.8	2,498.0	2,649.2
Other benefits	3,864.8	2,529.6	2,197.4
<b>Total</b>	<b>258,361.9</b>	<b>247,266.1</b>	<b>251,125.7</b>



# society

**putting ideals into  
practice**



## **/ hamburg, 1:50 pm | LAST-MINUTE INSTRUCTIONS FOR THE GROSSFLOTTBEK GIRLS' HOCKEY TEAM**

Ian Fischer, coach of the girls' hockey team at Großflottbek THGC, pumps his team up for the game: tomorrow the eleven players will take the field against the Hamburg Polo Club. Ian Fischer works two hours a day, five days a week, for his hockey team – as a volunteer. Fischer, who has a degree in business administration, also spends almost every weekend on the edge of the field urging his team on. After all, the ladies from Flottbek are fighting to move up into the top league nationally.

Without people like Ian Fischer, the approximately 90,000 sports clubs and associations in Germany would cease to exist. Without them, organized sports with all their positive effects on society would not be possible. Commerzbank has accordingly supported active volunteers – through its cooperation with the German Olympic Sports Federation (DOSB), for example, but also in other areas of society (page 70).





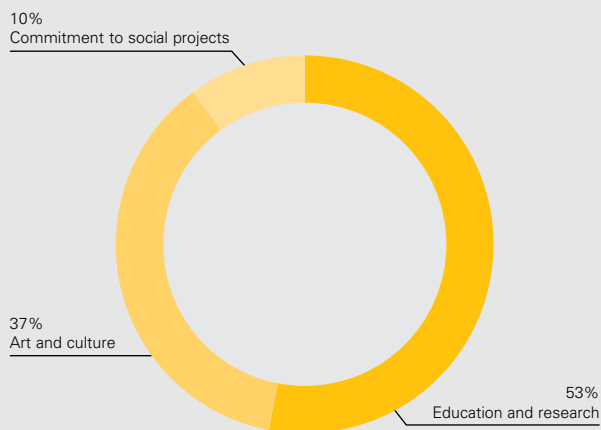


# society

**putting ideals into practice**



**Distribution of Commerzbank Foundation funds 2006**



The Commerzbank Foundation, established in 1970, focuses on supporting selected institutions and initiatives in the areas of education and research, art and culture, and social programmes. The funds for these areas totalled € 1.4 million in 2006.

## Community involvement of Commerzbank

Our commitment to society has a long history. One of the founders of Commerzbank, the merchant Theodor Wille (1818-1892), left two million German marks to his hometown of Kiel for charitable purposes. The Commerzbank Foundation was founded in 1970 to mark the hundred-year anniversary of Commerzbank. Since then, it has supported a wide range of projects and today focuses on three areas: education and research, art and culture, and commitment to social projects.

As a company, we also continue to be active on behalf of society. A few characteristic examples come to mind. In recent years we have taken on a greater commitment to volunteer work, including cooperation with the German Olympic Sports Federation (Deutscher Olympischer Sportbund – DOSB) which is planned for the long term. Together with DOSB, we pay tribute to the involvement of volunteers in German sports clubs. Another focus is directly related to our area of business. As a bank, we feel some responsibility for the general financial education of the population. In this area we see the opportunity to educate people on how to deal responsibly with money.

We are also committed to supporting the city of Frankfurt, where our company is based. We show our close connection to the Rhine-Main region by sponsoring events in the area.

***SINCE ITS INCEPTION, COMMERZBANK HAS BEEN COMMITTED TO THE COMMUNITY. WE TAKE OUR RESPONSIBILITY VERY SERIOUSLY AND ARE COMMITTED TO WORKING FOR THE COMMON GOOD.***

***THROUGH OUR FOUNDATION AND AS A COMPANY, WE ARE MAKING A LASTING CONTRIBUTION IN THE FORM OF SELECTED PROJECTS.***

### **Review: Greater involvement**

The last two years have been characterized by an increase in our activities. We have been able to expand our efforts by net-working with other actors pursuing the same goals.

In the area of support for volunteers, for example, the National Network for Civil Society (Bundesnetzwerk Bürgerschaftliches Engagement – BBE) has joined our cooperative arrangement with the German Olympic Sports Federation (DOSB). At the same time we have entered into a cooperative agreement with BBE to support civic involvement in all political and social areas (page 71).

In addition, we have increased our commitment to the general financial education of children and young people in Germany, as through our successful collaboration with the Baden-Württemberg State Institute for Education or a project involving credit counselling for young people in Berlin (page 73).

### **Outlook: Continuing to focus our involvement**

By getting involved, we want to support society in the future as well, since we are part of that society.

Our goal is to continue to focus on the selected areas mentioned above so that our commitment can be even more effective.

We intend to continue our activities aimed at improving general financial education. Our experience in this area will be incorporated into the work of the IFD (Initiative Finanzstandort Deutschland), for example, and will reach even more people.



## THE COMMERZBANK FOUNDATION

*THE COMMERZBANK FOUNDATION WAS FOUNDED IN HAMBURG IN 1970 TO MARK THE HUNDREDTH ANNIVERSARY OF COMMERZBANK AG. SINCE THEN, THE FOUNDATION HAS WORKED CONTINUOUSLY FOR THE COMMON GOOD. TODAY IT IS PRIMARILY ACTIVE IN THREE SPECIFIC AREAS.*

In the tradition of civic foundations, the foundation's purpose was deliberately defined very broadly in the foundation bylaws so that it can be active in all non-profit areas. Over the years, the foundation endowment has been increased as the foundation's functions have grown and now stands at € 50 million. Grants for 2007 totalled about € 2 million. All of the income generated by the foundation flows into the projects that it supports.

### Three major areas of concentration

The Commerzbank Foundation supports selected institutions and initiatives that are actively involved in cultural, social and academic projects and are thus making a long-term contribution to society. The foundation operates in principle solely as a funding organization, which means that it does not develop grant topics itself and does not carry out its own projects. It generally supports inter-regional centralized institutions.

Over the past few years, the foundation's funding policy has focused on three major areas: education and research, art and culture, and social projects. The Commerzbank Foundation distributed a total of € 1.4 million in these three areas in 2006 (see chart on page 66).

### Education and research (examples)

• **Endowed professorship at the Frankfurt School of Finance & Management:** This university grew out of two institutions that trained students for the banking industry (Bankakademie and the former Hochschule für Bankwirtschaft). The professorship endowed by the Commerzbank Foundation deals with financing for small- and medium-sized businesses and has three main goals: business and economic research on the development of a strategic orientation for financing instruments in small- and medium-sized enterprises



(SMEs), research on innovative approaches to alternative financing instruments for SMEs and the establishment of a communication platform for the financial sector and SMEs.

### • Endowed chair at the Bucerius Law School in Hamburg:

The Bucerius Law School (BLS), which was established in 2000 by the Ebelin and Gerd Bucerius ZEIT Foundation, is the only private law school in Germany. It is distinguished by its strong practical orientation and high academic standards. The chair endowed by the Commerzbank Foundation was created to focus on basic legal principles and to explain the significance of jurisprudence for the organization and development of modern societies.

### Art and culture (examples)

### • Endowed professorship at the Liszt School of Music in Weimar:

The Liszt School of Music in Weimar was established in 1872 and is the only university of fine arts in the state of Thuringia. With its recognized high standards and its extensive programme of performance studies, it plays an important role in the cultural life of Thuringia. The chair for organ music and improvisation, which has been a trademark of the school of music in the Weimar Bach tradition, would have been eliminated were it not for the support of the Commerzbank Foundation. Our foundation established the endowment in 2004, making it the first endowed professorship in music in Germany.

• **Deutsche Stiftung Musikleben:** The Deutsche Stiftung Musikleben, a German foundation dedicated to music, was founded more than 40 years ago to support highly talented young classical musicians throughout Germany. It offers its scholarship holders performance opportunities and supports them as they begin performing in the world's concert halls. The main focus is the German Musical Instrument Fund established in 1993, a joint project with the federal government. In conjunction with this fund, the foundation provides support for the care of old string instruments that have a beautiful tone and are lent to outstanding young musicians on the basis of an annual competition. The Commerzbank Foundation has been supporting Stiftung Musikleben for over 30 years. The funding provided to this institution in recent years was given as a general contribution.



### Commitment to social projects (examples)

• **Action group "Kinder in Not" e.V.:** The action group "Kinder in Not" was founded in 1983 at the initiative of Gisela Wirtgen, a businesswoman and entrepreneur, to help children in need. Its purpose is to help needy children and young people in the



Third World through projects that are always based on the "help for self-help" principle. This work is based on several thousand sponsorships for children and schoolchildren and specific individual donations for various programmes and projects. The Commerzbank Foundation's last project was to provide funding for completion of the CeBu Hope Center in Talamban in the Philippines. This home serves about 120 homeless girls ranging in age from 4 to 17. The Franciscan Sisters who run the Cebu Hope Center do not receive any government assistance. The support provided by the Commerzbank Foundation was used to complete and furnish the home's interior.

• **German Stroke Foundation:** The German Stroke Foundation was established in 1993 under the patronage of Liz Mohn. The foundation supports health promotion and the improvement of prevention, acute care and rehabilitation for stroke patients. In recent years the foundation has focused on the subject of young people and strokes. With the support of the Commerzbank Foundation, a counselling centre was established in 2003 for parents of children who have suffered a stroke. This project is unique in Germany. The counselling programme provides important data for research into the causes of strokes in children. The data is used to improve stroke diagnosis so that children who have suffered a stroke can be treated at an earlier stage.



## VOLUNTARY WORK

**VOLUNTEERS HELP WHEREVER THE STATE OR FEDERAL GOVERNMENT CANNOT ASSUME SOLE RESPONSIBILITY – WHETHER IN THE AREA OF EDUCATION, SPORTS OR YOUTH WORK. CIVIC INVOLVEMENT IS THEREFORE AN IMPORTANT PILLAR OF OUR SOCIETY. COMMERZBANK BELIEVES THAT SUPPORTING VOLUNTEER INVOLVEMENT IN NON-PROFIT ORGANIZATIONS IS A GOOD WAY TO STRENGTHEN OUR SOCIETY.**

Commerzbank has been supporting volunteer work in sports for many years. It is currently expanding its commitment to other areas of society.

### Volunteers in sports

The purpose of the initiative of the German Olympic Sports Federation (Deutscher Olympischer Sportbund or DOSB) and Commerzbank – an initiative with the motto “Thanks! Sports need volunteers” – is to support the many volunteers active in sports organizations.

The initiative was established in 2000 to mark the 50<sup>th</sup> anniversary of the former German Sports Federation (Deutscher Sportbund).

The aim of the initiative is to honour the work of volunteers and increase public awareness about their work and the need for volunteers. Through their efforts in approximately 90,000 sports clubs and organizations, these volunteers support a multi-faceted array of sports and leisure activities that are available to interested citizens from all segments of the population – and that promote fairness, cohesion and integration in our society.

- **Portal:** Together, DOSB and Commerzbank operate a volunteer portal on the Internet that provides a wide range of assistance for the people managing sports clubs and associations. The German-language portal ([ehrenamt-im-sport.de](http://ehrenamt-im-sport.de)) provides club officers with suggestions and practical advice regarding the development and management of a club or organization as well as guidelines for future-oriented volunteer work on executive committees. Checklists on these topics are available for download. In addition, interested individuals can subscribe to a free e-newsletter that provides regular information about new developments in sports organizations. The large number of hits (about 65,000 per month) shows that the portal has met with lively interest from the target group.

 [www.ehrenamt-im-sport.de](http://www.ehrenamt-im-sport.de)

Dr. Thomas Bach,  
President of Deutscher  
Olympischer Sportbund  
(DOSB), on the joint  
initiative formed to thank  
volunteers in sports



**“Organized sports are of inestimable value for our society. They strengthen the social skills of young people, in particular; they promote integration across class, national and generational boundaries; and they play a key role in promoting physical exercise and health in our society, which is becoming increasingly older.**

**Organized sports owe their high social-political status and independence to the individuals who serve on their boards without pay and the many volunteers who help run their programmes. Over seven million people devote a total of 500 million hours of volunteer work a year for about 27 million members of German sports clubs and organizations. This level of commitment plays an important part in ensuring the future of sports clubs and associations.**

**We are pleased to have Commerzbank as our partner in this effort. Together we have pursued a common goal for seven years: raising awareness about the achievements of volunteers and thanking them for their commitment publicly in an effective way.”**

- **Pro Ehrenamt prize:** With this prize, DOSB and Commerzbank promote active support of volunteers in sports by politicians, business and the media. The prize is therefore not just an award for exemplary commitment but is also an appeal to others to provide active support as well.

• **Thank-you package:** Each year DOSB and Commerzbank, as partners for volunteers, send out "thank-you packages" to more than 25,000 volunteers serving as officers in their organizations. The package contains practical information on various major topics that are especially important for the viability of sports clubs and associations in the future.

### National Network for Civil Society

In looking for partners in its efforts to support volunteerism, Commerzbank became aware of the work of the National Network for Civil Society (Bundesnetzwerk für Bürgerschaftliches Engagement or BBE). In 2006 BBE joined our cooperative venture with DOSB, the initiative concerned with raising awareness about volunteers in sports.

Since 2007 we have been working with BBE in a different area. Commerzbank supports the organization in carrying out a special project called "Week of civic involvement." The motto of this action week is "Involvement makes us strong!" The aim of the series of events is to make civic involvement in its many

different forms publicly visible and tangible and to identify and remove barriers to individual involvement. More and more initiatives, organizations or local projects use the action week media framework for presenting their work. This year's opening event took place on September 14 in Berlin. Ursula von der Leyen, the Federal Minister for Family Affairs, declared in her opening speech: "Thirty-six percent of the population is already involved as volunteers. Our entire country benefits from their efforts." Federal President Horst Köhler is the official sponsor of the action week.

This cooperation makes it possible for us to expand our support of volunteers beyond the sports arena and to reach even more people.



[www.engagement-macht-stark.de](http://www.engagement-macht-stark.de)

With all of these projects, we not only provide funding but also work very actively on content design and implementation.

### National Network for Civil Society (BBE)

BBE was established in June 2002 by the 31 members of the National Council in Berlin as part of the International Year of Volunteers (IYV 2001). It is a joint network of three major social sectors – civil society, federal and municipal institutions, and business and labour – that supports civic involvement and civil society in all areas of society and politics.

The goal of BBE is to provide sustainable impetus for support of civic involvement: the aim of the network is to give volunteer work, self-help and service in unpaid capacities a greater role in government and society.

Many different BBE working groups work on topics that are relevant for civic involvement. For example, they deal with the legal and organizational conditions for civic involvement or corporate involvement in social projects.



[www.b-b-e.de/bbe\\_english.html](http://www.b-b-e.de/bbe_english.html)

### Involvement of Commerzbank employees: team-building with social benefits

Our employees are also involved in non-profit activities. Our Human Resources staff, for example, renovated the August Jaspert Elementary School in Frankfurt-Bonames in August 2007, which took a total of 2,240 hours of work.

A group of 280 employees with professional supervision built an open classroom on the school grounds, installed play equipment and renovated classrooms. The material required for the project, valued at € 100,000, was financed by Commerzbank.

Many people appreciated this project for its positive contribution to the atmosphere at work: staff members had the opportunity to meet colleagues whom they had previously known only through telephone conversations. The participants also refined their social skills as they worked together with their colleagues.

The project did not just have social benefits: it also helped increase motivation, build trust and develop team spirit.

## BASIC FINANCIAL AWARENESS

***SURVEYS HAVE SHOWN THAT THERE IS A LOW LEVEL OF FINANCIAL AWARENESS AMONG THE GERMAN PUBLIC. THIS IS ONE OF THE MAIN REASONS WHY MORE AND MORE YOUNG PEOPLE ARE GETTING INTO DEBT. COMMERZBANK HOPES TO COUNTER THIS TREND.***

Commerzbank has been involved in promoting financial awareness in Germany for a number of years. We have publicly called for finance to be taught in schools as a subject in its own right. We also work to promote financial awareness and debt prevention among young people.

### Key tenets of basic financial awareness

The basis for our involvement with financial awareness in Germany is the "key tenets of basic financial awareness", which were developed by outside experts under the auspices of Commerzbank. These tenets set out the building blocks of

basic financial awareness for the first time and so lay the foundations for promoting financial knowledge and associated everyday financial skills on a broad basis.

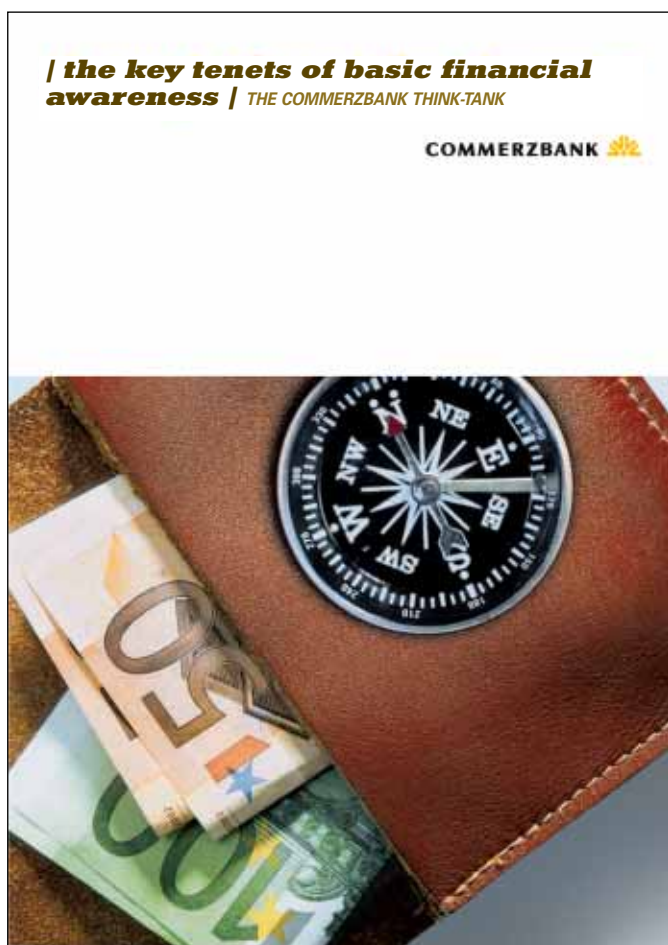
The starting point for this initiative was a survey commissioned by the Bank which revealed a lack of awareness among Germans about their personal finances. In light of these findings, the Bank and the expert commission set two goals: first, to persuade business and political decision makers to act and second, to take steps to raise basic financial awareness in Germany.

In order to reach these goals and fulfil the potential of the key tenets of basic financial awareness, Commerzbank initiated and funded three follow-on projects. The tenets also serve as the basis for our ongoing cooperation with the IFD (Initiative Finanzstandort Deutschland).

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 [www.commerzbank.com](http://www.commerzbank.com)

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#### • Public-private partnership to develop teaching materials:

This project builds on the services provided by our Teachers' InfoClub (page 73) at a regional level. In a pilot project with the Baden-Württemberg State Institute for Education, Commerzbank produced practical educational materials on financial topics which were presented to the public in March 2007. This material was based on the key tenets of basic financial awareness.

Both institutions were able to contribute their own particular strengths to the project. The State Institute provided the authors, teachers who were able to draw on their practical experience to produce materials for practical use. They were assisted by young bank staff from Commerzbank in Stuttgart, who were responsible for the financial information. The contents of the teaching material were jointly worked out in mixed working groups and integrated in the state's teaching curriculum. First trial lessons have shown that schools' needs have been entirely met.

Commerzbank and the State Institute for Educational Development are happy to provide the material to all interested parties. We also hope that this example will be emulated in other federal states in Germany.

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 [www.bildung-staerkt-menschen.de](http://www.bildung-staerkt-menschen.de)

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• **Debt prevention among young people:** A second milestone reached in 2006 as part of our effort to disseminate the key tenets of basic financial awareness was our support for a project in the Berlin district of Charlottenburg-Wilmersdorf. There debt counsellors devised a workshop specifically for young people, involving a game entitled "What costs something" which deals with the issue of managing personal finances. This enables us to reach young people who have no other access to guidance in financial education.

• **Financial planner for young people:** In the financial planner Commerzbank provides teachers with relevant basic information and useful tips on the topic of managing money. The financial planner is available for download via the Commerzbank Teachers' InfoClub on the Internet.

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 [www.commerzbank.com](http://www.commerzbank.com)

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### Outlook: Cooperation with the IFD

We will continue to pursue our commitment to this initiative for the long term. The experience we have gained in promoting basic financial awareness and debt prevention will be utilized for the thematic work of the Initiative Finanzstandort Deutschland (IFD), an action group for the German financial sector. The IFD established a working group on retail banking at the beginning of 2007, which will look at the issues of consumers' financial awareness and personal insolvency going forward.

Commerzbank has been actively involved in the IFD's working group on modern financial education since its foundation. One of its projects is the Internet portal called "All About Money". It provides an overview of all materials which the Deutsche Bundesbank, banks and insurance companies and their trade associations provide for teaching money-related topics in schools. This information is a useful supplement to the teaching materials available in the Teachers' InfoClub, where we have established a link to the "All About Money" site. The IFD established an extended working group on financial awareness in schools in 2007. The key tenets of basic financial awareness and their dissemination in educational materials will provide the foundations for the IFD's ongoing work in financial education.

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 [www.kursraumgeld.de](http://www.kursraumgeld.de)

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### The Teachers' InfoClub

We have a longstanding interest in improving the understanding of business and finance in schools and founded the Teachers' InfoClub back in the 1980s. Through the InfoClub we provide teaching materials on the topics of business, money, banking and financial markets free of charge. The materials are designed for use in secondary schools and colleges throughout Germany.

Teachers can download information packages on financial topics from an online platform and use them in lessons in both junior and senior secondary schools and in a variety of educational institutions. The site also contains a host of information aimed at giving young people a good grounding in financial matters. The fact that there are around 4,000 registered users of the Teachers' InfoClub confirms that there is a need for high-quality practical materials to support the basic financial education of young people.

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 [www.commerzbank.com](http://www.commerzbank.com)

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## LOCAL SPONSORSHIP

**WE FEEL A CLOSE AFFINITY WITH FRANKFURT AND THE RHINE-MAIN REGION AS THE SEAT OF OUR COMPANY. WE AIM TO DEMONSTRATE THIS TO LOCAL RESIDENTS – WHO INCLUDE MANY OF OUR STAFF AND THEIR FAMILIES – WHILE ALSO CONTRIBUTING TO THE APPEAL OF FRANKFURT AS A FINANCIAL CENTRE.**

### Commerzbank Arena

The new Frankfurt stadium has been known as the Commerzbank Arena since May 2005. By acquiring the rights to the name we are also declaring our long-term commitment to Frankfurt. We are demonstrating our solidarity with the citizens and sports fans of this city and highlighting the bright future for Frankfurt as the largest financial centre in continental Europe.

#### Family day in the Commerzbank Arena

The first family day in the Commerzbank Arena in Frankfurt was held on September 9, 2007. Staff, business associates and service providers of Commerzbank were invited, meaning everyone who supports or assists Commerzbank in their work in a wide range of areas – together with their families. Around 3,000 guests from the branches in Frankfurt, Mainz and Mannheim took up the invitation from the Board to come and experience the Bank in a new and different way. Table football, a spot kicking competition, human table football, a bouncy castle and training with current soccer stars were just some of the many attractions on the day.

### Sports sponsorship in the Rhine-Main region

We are strongly committed to sports in the Rhine-Main region and support major teams based there. For example, we sponsor Eintracht Frankfurt, the soccer club which has its home ground in the Commerzbank Arena. We have now been supporting one of the most famous names in German soccer for five years.



Since May 2005 we have also been the shirt sponsor of the ladies' soccer team of 1<sup>st</sup> FFC Frankfurt. With this commitment, Commerzbank is endorsing the success of ladies' soccer in the region. The ladies of 1<sup>st</sup> FFC Frankfurt became German champions for the sixth time in 2007 and won the UEFA Women's Cup for the second time in 2006. With Birgit Prinz, who has already been named the top female world soccer player of the year three times, FFC has one of the best women's soccer players in Germany on its books. "Women are a very important target group for us, as they represent a distinct group in the financial services sector with a specific profile and want financial services that fulfil their needs", says Klaus-Peter Müller, Chairman of the Board of Managing Directors at Commerzbank.

Alongside soccer, ice hockey also has a long tradition in Frankfurt, going back almost 50 years. That is one reason why we are pleased to sponsor a successful team such as the Frankfurt Lions, who became German champions in 2004 for the first time.



[www.ffc-frankfurt.de](http://www.ffc-frankfurt.de); [www.eintracht.de](http://www.eintracht.de)



[www.frankfurt-lions.de](http://www.frankfurt-lions.de)



[www.commerzbank-arena.de](http://www.commerzbank-arena.de)

### Cultural sponsorship – exhibitions in the Plaza of the Commerzbank Tower

Our Plaza at the foot of the Commerzbank tower in Frankfurt is open to staff and the general public as a restaurant and public space for events and exhibitions.

We use the unique surroundings of the Plaza for art exhibitions four times a year. Many unknown artists get a chance to present their work here. The nature of the space and the technical conditions provide an ideal platform to artists who use three-dimensional space in their work or can translate the light and openness of the space into an artistic dialogue. The Plaza is also an optimal space for artists who work with performance art or use large, interactive installations.

These exhibitions provide us with an opportunity to express important elements of our corporate philosophy such as innovation, transparency and the providing new stimulation for the quality of life and work while also enhancing the attractiveness of the public space.



## CAMPUS OF EXCELLENCE

**THE CAMPUS OF EXCELLENCE WAS INITIATED BY COMMERZBANK IN 2005. WE HAVE JOINED TOGETHER WITH THE FORUM FOR THE FUTURE OF FRANCONIA (FORUM ZUKUNFT OBERFRANKEN E.V.) AND THE BAVARIAN BUSINESS ASSOCIATION TO COORDINATE A PLATFORM WHICH IS SO FAR UNIQUE IN CREATING A NETWORK OF OUTSTANDING TALENT.**

The CAMPUS OF EXCELLENCE initiative promotes links between top-notch students, outstanding managers and young journalists and universities, research institutions, business groups and commerce. This initiative is now supported by more than 60 partners. These include established companies and universities, and a large number of partners active both regionally and throughout Germany as well as representatives in a number of European countries. The initiative consists of an annual *summer school* and *training academy*.

### A unique concept

Innovation, creativity and sustainability are some of the main characteristics of the CAMPUS OF EXCELLENCE. The format differs fundamentally from previous initiatives as a result of the following factors:

- **Involvement of the next generation:** Future decision makers in our society actively debate burning issues in Germany and Europe. During the *summer school*, participants come up with proposed solutions and present them to an expert audience.
- **Business relevance:** Within the main themes of work, knowledge and values, detailed objectives ensure a clear business relevance. In addition, the *training academy* gives students the opportunity to get to know partner companies.
- **Networking:** The CAMPUS OF EXCELLENCE enables all participants to form an enduring network. This is particularly beneficial for students, who can augment their theoretical knowledge with valuable practical experience.
- **Recruitment opportunities:** Through their work with the students, partner companies get to know high-potential young people and recruit them as employees for their companies.



### *summer school*

The *summer school* was held in 2006 under the title "The art of designing the future". Eighteen young managers, 38 highly qualified students and ten young journalists came up with answers to the key questions facing the German economy. The participants debated with high-ranking representatives from politics and business in forums held in Berlin, Brussels and Frankfurt. The third *summer school* was held in Hof and Frankfurt in September 2007. Due to the great success of the 2006 school, we increased the number of participants to 50 students and 20 from each of the manager and journalist groups. Trips to Moscow, Warsaw and Budapest underscored this year's focus on European topics and problems.

### *training academy*

With a focus on the states of Baden-Württemberg, Bavaria and Hesse, the *training academy* is regionally based. It enables students to get to know partner companies and to familiarize themselves with the challenges of work through demanding projects. The 2007 *training academy* was entitled "Students Meet Real Business". In the period from July 30 to September 19, fifty selected students completed excellence projects in the partner companies of the CAMPUS OF EXCELLENCE.

### *virtual campus*

The *summer school* and the *training academy* are supported by a virtual platform and library, the *virtual campus* on the Internet. It comprises discussion forums and up-to-date studies, essays and other documentation which can be used as preparation for individual projects. The materials reflect the current social and scientific debate on the main themes addressed by the CAMPUS OF EXCELLENCE.

## **GLOSSARY**

### **Code of conduct**

A code of conduct is a set of rules and regulations and management principles governing the way in which the employees of a company are expected to behave. The code of conduct is based on values, legislation and guidelines which are endorsed by the company and are intended to form part of the fabric of its day-to-day activities. In other words, a code of conduct lays down the required standard of behaviour for the company as a whole.

### **Compliance**

Compliance refers to the systems and procedures within a company to ensure that it is in keeping with applicable guidelines and statutory requirements. Most companies will have a dedicated Compliance unit for this purpose, responsible for checking that they are adhering to the relevant German and international regulations and legislation with respect to insider trading and money laundering, for instance.

### **Corporate governance**

Corporate governance establishes guidelines for transparent corporate management and supervision. The recommendations of the German Corporate Governance Code create transparency and confidence that a company is being managed in a responsible manner. In particular, they afford protection to the shareholders of a company.

### **Corporate responsibility**

Corporate responsibility describes the extent to which a firm is aware of – and lives up to – its responsibilities in those areas where its activities have an impact on society, its employees, the environment and the business landscape. In other words, corporate responsibility embodies a corporate philosophy based on transparency, ethical behaviour and respect for various stakeholders. It is an umbrella term, encompassing sustainability, corporate governance and corporate citizenship.

### **Corporate responsibility rating**

This is a means of assessing a company's corporate responsibility credentials and evaluating its performance in this respect. Corporate responsibility ratings serve as the basis for sustainability indices, which rank companies according to social, environmental and economic criteria.

### **CO<sub>2</sub> emissions**

CO<sub>2</sub> emissions are generated by the burning of fossil fuels such as coal, oil and gas. Emissions of CO<sub>2</sub> are the primary contributor to the man-made greenhouse effect.

### **Demographic change**

Demographic change refers to the ageing of a country's population due to a falling birth rate and rising life expectancy, which has an impact on all areas of society, for example the labor market and social insurance.

### **Diversity**

Diversity is all about recognizing and embracing the differences that make us what we are – be it our gender, ethnic origin, race, language, religious and cultural values, age, family circumstances, social status, sexual orientation, abilities or disabilities.

### **Export finance**

Export finance provides companies with delivery-linked finance when exporting capital goods. German exports are covered against specified risks by the Hermes export credit guarantee programme provided by the Federal Republic of Germany.

### **Facility management**

Facility management refers to the planning and management of buildings and facilities. Sustainable facility management is specifically concerned with the careful use of resources such as water and energy.

### **Forest Stewardship Council (FSC)**

The FSC is an international charitable organization based in Bonn which aims to promote the sustainable development of forests and the consideration of social, ecological and economic issues relating to the exploitation of natural resources. The FSC is supported by environmental organizations (including the WWF, Greenpeace, NABU, Robin Wood), trade unions and other social interest groups (including IG BAU and IG Metall) and by a large number of companies.

### **Global Reporting Initiative (GRI)**

The Global Reporting Initiative based in Amsterdam is a voluntary worldwide network which has developed internationally recognized guidelines on sustainability reporting. It is now used by more than 1,000 organizations in over 60 countries.

### **Green energy**

Green energy refers to electrical energy derived from 100% renewable energy sources such as wind, sun, water and biomass.

### **Insider trading**

Insider trading refers to the exploitation of insider information when issuing or triggering a securities order. An insider is a person in possession of price-sensitive information about a security or its issuer before this information becomes public. Insider trading is a criminal offence in Germany under Article 14 of the Securities Trading Law.

### **MiFID**

MiFID stands for the Markets in Financial Instruments Directive. As a directive of the European Union, it is intended to harmonize the financial markets in the European internal market. It affects almost all of a bank's activities, from product development, as in the design of structured securities, through to the way that financial institutions deal with their clients. The legislation is designed to meet two objectives: increased competition among European financial services companies and greater investor protection.

### **Non-governmental organizations (NGOs)**

NGOs are non-profit making institutions independent of government. Examples include environmental organizations, trade unions and human rights organizations such as WWF, Amnesty International and Urgewald.

### **Organization for Economic Co-operation and Development (OECD)**

The OECD is an international organization, comprising 30 industrialized nations from North America and Europe, Australia, Japan, Korea and New Zealand. As the name suggests, the main purpose of the OECD is to promote closer economic cooperation between the member countries, collaboration in terms of their development activities and the coordination of economic policy. The OECD also addresses issues such as education, employment and environmental protection.

### **OECD Common Approaches**

The Common Approaches contain guidelines for monitoring environmental and social matters when issuing state credit insurance for export and project finance. They have been binding on all OECD member countries since 2004 and are regularly updated as a result of member countries' experiences with the previous regulations.

### **Programme for the Endorsement of Forest Certification (PEFC)**

PEFC is an international initiative to support and steadily increase sustainable forest use and maintenance, taking account of ecological, social and economic standards.

### **Project finance**

A form of financing where the interest and capital are repaid largely or solely from the proceeds of the investment project in question. In particular, this form of finance is commonly used to fund the extraction of major deposits of raw materials, for infrastructure and power generation projects, and for the construction of telecommunications networks.

### **Public Private Partnership (PPP)**

A Public Private Partnership or PPP involves the mobilization of private capital and expertise to carry out government projects. In a wider sense the term is also used to describe other forms of cooperation between governmental bodies and the private sector.

### **Reputation**

Reputation is generally understood to mean the sum total of all the views and perceptions of a business, and the esteem in which it is held by its stakeholders in terms of its products, services and people. Reputation is a measure of how well a company serves the purpose for which it was created and the extent to which it takes account of social values and standards when doing so.

### **Stakeholders**

A company's stakeholders include everyone who has a direct or indirect relationship with it, for example staff, clients and suppliers, media, NGOs, society in general, the financial markets, politicians and government, and science and research.

### **Sustainability**

Sustainability is a holistic concept, based on an environmentally compatible, socially just and economically effective approach to development. That means using resources carefully, responsibly and efficiently for the sake of current and future generations.

### **UN Global Compact**

The UN Global Compact is a voluntary pact between companies, organizations and the UN, under which participating companies and organizations commit themselves to establishing or expanding social and environmental standards in their business activities. This largest multi-stakeholder network in the field of corporate responsibility now boasts around 3,000 member companies from more than 100 countries.

## GLOBAL REPORTING INITIATIVE AND UN GLOBAL COMPACT

*BECAUSE WE ATTACH GREAT IMPORTANCE TO TRANSPARENCY AND CREDIBILITY, IN OUR SECOND CORPORATE RESPONSIBILITY REPORT WE HAVE ONCE AGAIN ADOPTED THE GUIDELINES OF THE GLOBAL REPORTING INITIATIVE (GRI). OUR TABLE CONTAINS REFERENCES TO THE INFORMATION REQUIRED BY THE GRI AND TO THE TOPICS WHICH OVERLAP WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT.*

The GRI has developed internationally recognized sustainability reporting guidelines. It is now used by more than 1,000 organizations in over 60 countries.

The GRI is currently working on sector-specific guidelines for the financial sector. The pilot version is now undergoing revision. We have largely covered the corporate responsibility issues listed in the pilot version in our report.

 [www.globalreporting.org](http://www.globalreporting.org)

The GRI guidelines also facilitate the production of the progress report required as part of the membership of the UN Global Compact. We have provided information on the implementation of the ten principles of the UN Global Compact by flagging the GRI indicators which overlap with the principles of the UN Global Compact.

 [www.unglobalcompact.org](http://www.unglobalcompact.org)

The criteria listed in the table below represent a summary of the criteria set out in the Global Reporting Initiative (GRI). The detailed version can be read at [www.globalreporting.org](http://www.globalreporting.org). The table also provides information on where to find further information on the issues in question.

Organizational and reporting profile			
1.	Strategy and Analysis	UN GC	Reference
1.1	Statement from the Chairman of the Board of Managing Directors on the relevance of sustainability to the organization	x	6
1.2	Key impacts on sustainability, risks and opportunities	x	20-21, 31, 36-37, 48-49, 66-67
2.	Organizational Profile	UN GC	Reference
2.1	Name		3
2.2	Products and services		3, AR, www
2.3	Structure of the company		AR, www
2.4	Location of headquarters		3
2.5	Countries in which the company operates		3, AR, www
2.6	Ownership structure and legal form		3, AR, www
2.7	Markets served		3, AR, www
2.8	Size of the organization		3, AR, www
2.9	Significant changes in terms of size, structure and ownership		52, AR, www
2.10	Awards received		24, 26, 45, 55, 60, 61
3.	Report Parameters	UN GC	Reference
3.1	Reporting period		4
3.2	Date of most recent previous report		4
3.3	Reporting cycle		4
3.4	Contact person		81
3.5	Process for defining report content		4
3.6	Scope or boundary of the report		4
3.7	Specific limitations on the scope of the report		41, 43
3.8	Organizational units included in the report		4
3.9	Data measurement techniques and bases of calculations		not discussed
3.10	Any restatements of information		n.a.
3.11	Changes in reporting parameters compared with previous years		42
3.12	GRI Index		78-80
3.13	External verification of the report		not discussed

<b>4. Corporate Governance, Commitments and Engagement</b>	<b>UN GC</b>	<b>Reference</b>
4.1 Governance structure	x	AR
4.2 Independence of the Chairman of the Supervisory Board	x	AR
4.3 No. of independent members of the Supervisory Board	x	AR
4.4 Mechanisms for shareholders and employees to provide recommendations to the board	x	57, AR
4.5 Linkage between compensation for members of the Board and the organization's performance in terms of sustainability	x	not discussed
4.6 Avoidance of conflicts of interest	x	AR
4.7 Expertise of the members of the highest governance body on economic, environmental and social topics	x	not discussed
4.8 Mission statements, codes of conduct and principles relating to sustainability	x	8, 10, 11, 33
4.9 Monitoring of sustainability performance by the Supervisory Board	x	not discussed
4.10 Evaluation of the sustainability performance of the highest governance body	x	not discussed
4.11 Approaches to preventive action	x	29, 31, AR
4.12 Support for external economic, environmental and social initiatives	x	10, 12, 45, 68-75
4.13 Memberships in associations and advocacy organizations	x	12
4.14 Stakeholders in the company	x	13
4.15 Identification of the stakeholders relevant for the company	x	13
4.16 Approaches to dialogue with stakeholders	x	13
4.17 Key topics raised by stakeholders	x	13, 2005

## Performance Indicators

<b>Economic performance indicators</b>	<b>UN GC</b>	<b>Reference</b>
Management approach	x	3, 18-33, AR
EC 1 Direct economic value generated and distributed		AR
EC 2 Financial implications of climate change	x	not discussed
EC 3 Pension plans operated by the company		63
EC 4 Significant financial assistance received from government		not discussed
EC 5 Ratio of standard entry level wage compared to local minimum wage	x	not discussed
EC 6 Spending on locally-based suppliers		not discussed
EC 7 Hiring of local staff	x	not discussed
EC 8 Infrastructure investments provided primarily for public benefit		28, 30
EC 9 Indirect economic impacts		20-33
<b>Environmental performance indicators</b>	<b>UN GC</b>	<b>Reference</b>
Management approach	x	38
EN 1 Materials used by weight and volume	x	43
EN 2 Proportion of recycled materials used	x	43
EN 3 Direct energy consumption	x	41, 44
EN 4 Indirect energy consumption	x	41, 44
EN 5 Energy savings	x	41, 44
EN 6 Energy-efficient products and services	x	n.a.
EN 7 Reduction in indirect energy consumption	x	40, 44
EN 8 Water consumption	x	42
EN 9 Water sources	x	not discussed
EN 10 Recycling and reuse of water	x	42, 44
EN 11 Activities in protected areas or areas of high biodiversity	x	n.a.
EN 12 Impact of products and services on protected areas or areas of high biodiversity	x	n.a.
EN 13 Habitats protected or restored	x	n.a.
EN 14 Current actions and future plans for biodiversity management	x	n.a.
EN 15 Endangered species in areas of operation	x	n.a.
EN 16 Direct and indirect greenhouse gas emissions	x	40-41
EN 17 Other relevant greenhouse gas emissions	x	n.a.
EN 18 Reductions in greenhouse gas emissions	x	40-41

### Key:

light grey text	Indicators shown in light grey text are not GRI core indicators but are optional "additional indicators"
24, 38	The page numbers refer to information within this 2007 corporate responsibility report
AR	Further information is available in the latest Commerzbank annual report
www	Further information is available on the Internet at <a href="http://www.commerzbank.com">www.commerzbank.com</a>
n.a.	This indicator does not apply to Commerzbank
not discussed	We did not discuss this indicator in this report
2005	Further information can be found in the last corporate responsibility report for 2005.
UN GC	This column gives the areas of overlap between the Global Reporting Initiative guidelines and the principles of the UN Global Compact.



	UN GC	Reference
EN 19 Emissions of ozone-depleting substances	x	n.a.
EN 20 NOx, SOx and other significant emissions	x	n.a.
EN 21 Total water discharge	x	not discussed
EN 22 Total weight of waste by type and disposal method	x	42, 44
EN 23 Significant releases of hazardous materials	x	n.a.
EN 24 Weight of transported, imported, exported and treated waste	x	n.a.
EN 25 Habitats significantly affected by discharges of water	x	n.a.
EN 26 Environmentally friendly design of products and services	x	27-28
EN 27 Percentage of packaging materials reclaimed for reuse and recycling	x	n.a.
EN 28 Fines and non-monetary sanctions for non-compliance with the regulations	x	not discussed
EN 29 Environmental impacts of transport activities	x	40
EN 30 Total expenditure on environmental protection	x	not discussed
<b>Social performance indicators: Labour practices &amp; decent work</b>	<b>UN GC</b>	<b>Reference</b>
Management approach	x	48-63
LA 1 Total workforce by employment type and region		60
LA 2 Employee turnover	x	53
LA 3 Benefits provided to full-time employees		63
LA 4 Employees covered by collective bargaining agreements	x	not discussed
LA 5 Minimum notice periods for operational changes	x	not discussed
LA 6 Percentage of workforce represented in joint management-worker health and safety committees	x	not discussed
LA 7 Rates of injury, occupational diseases, lost days and absenteeism	x	59
LA 8 Healthcare and advice	x	58-59
LA 9 Health and safety agreements with trade unions	x	not discussed
LA 10 Employee training		54-57
LA 11 Skills management and lifelong learning		56-57
LA 12 Performance and career development reviews		56-57
LA 13 Diversity of staff and governance bodies	x	60-62
LA 14 Ratio of male to female pay	x	60
<b>Social performance indicators: human rights</b>	<b>UN GC</b>	<b>Reference</b>
Management approach	x	10
HR 1 Human rights issues relating to investment agreements	x	29
HR 2 Screening of suppliers on observance of human rights	x	not discussed
HR 3 Employee training on human rights	x	n.a.
HR 4 Number of discrimination incidents in the organization and actions taken	x	not discussed
HR 5 Freedom of association and collective bargaining	x	10, 57
HR 6 Child labour	x	10, 30
HR 7 Forced or compulsory labour	x	10, 30
HR 8 Training of security personnel on human rights issues	x	not discussed
HR 9 Violations of rights of indigenous people	x	not discussed
<b>Social performance indicators: society</b>	<b>UN GC</b>	<b>Reference</b>
Management approach	x	11, 66-67
SO 1 Impact of operations on communities and society		20-21
SO 2 Analysis of corruption risks	x	32-33, AR
SO 3 Training in anti-corruption policies	x	32-33
SO 4 Anti-corruption measures	x	29-30, 32-33
SO 5 Public policy positions and lobbying	x	13
SO 6 Financial and in-kind contributions to political parties	x	not discussed
SO 7 Anti-competitive behaviour		not discussed
SO 8 Fines for non-compliance with the law		not discussed
<b>Social performance indicators: product responsibility</b>	<b>UN GC</b>	<b>Reference</b>
Management approach	x	20-21
PR 1 Product safety	x	n.a.
PR 2 Non-compliance with product safety regulations	x	n.a.
PR 3 Product and service information	x	n.a.
PR 4 Non-compliance with regulations concerning product and service information	x	n.a.
PR 5 Customer satisfaction		24-26
PR 6 Marketing communication		not discussed
PR 7 Non-compliance with regulations concerning marketing communications		not discussed
PR 8 Substantiated complaints regarding breaches of data protection	x	not discussed
PR 9 Fines for non-compliance with laws and regulations		not discussed

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