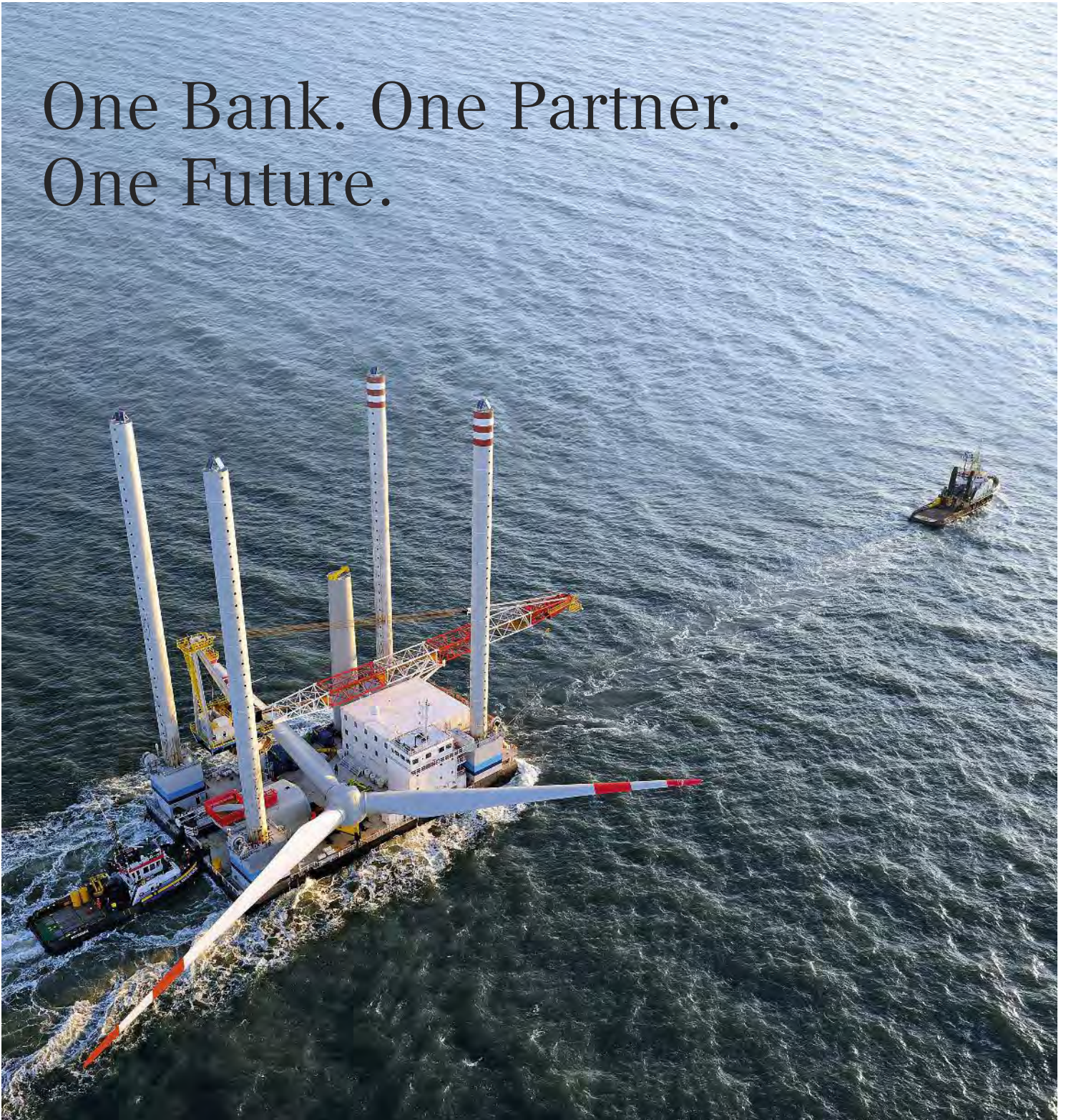


One Bank. One Partner.
One Future.



Corporate Responsibility Report 2011

Achieving more together

About this report

This Corporate Responsibility Report 2011 aims to explain how Commerzbank perceives the principle of corporate responsibility and how it applies this understanding in respect of its business processes, business model, employees and corporate citizenship. The report is directed at all Commerzbank's stakeholders (see page 8). It refers to Commerzbank AG Germany and covers all activities in 2010. However, other related events right up to the editorial deadline on 30 June 2011 have also been included. With a few exceptions (which are indicated accordingly), the key data also refers to 2010. Information on selected subsidiaries such as BRE Bank, the comdirect Group and Eurohypo has been included as an illustration of corporate responsibility in the Commerzbank Group.



Transparent and comparable reporting

This is Commerzbank's fourth Corporate Responsibility Report. It has again been compiled in accordance with the G3 guidelines published by the Global Reporting Initiative (GRI) in order to improve comparability and thereby increase transparency. This is now the second Corporate Responsibility Report published by Commerzbank that GRI has checked and confirmed as satisfying the requirements of the highest category, Application Level A (see page C3). At the same time, the indicators described in the report meet the requirements for a "Communication on Progress", a report providing information on the implementation status of the ten principles set out in the UN Global Compact (UNGC). An overview of the progress made by Commerzbank in implementing the ten UNGC principles is shown in a table beginning on page 86.

Qualitative and quantitative report content: selection and preparation

When selecting the content of this report, Commerzbank applied the principle of materiality and focused on topics relevant to an assessment of its sustainability performance. To this end, the Bank carried out a materiality test as required by the GRI guidelines. A two-day series of workshops was held, each workshop concentrating on a particular theme. At these workshops, an evaluation was carried out for Commerzbank's various corporate units to identify the topics and sustainability indicators of particular significance for the Bank itself and for its stakeholders. The chosen topics form the focus of the report. The key data in the report relates to Commerzbank AG in Germany, unless stated otherwise. The data has been gathered from individual departments or, in the case of the environmental data, using the environmental management system and compiled by the Reputation and Sustainability Management department.

Formal aspects

To make the report reader-friendly, we have avoided gender-based repetition in the text. Generally, we have also decided not to include full legal names of subsidiaries and not-for-profit organisations, again for better readability. The Corporate Responsibility Report 2011 is available in German and English and can be accessed online at <http://sustainability2011.commerzbank.com> either as an interactive report or as a download. All Corporate Responsibility Reports, together with additional and continuously updated information related to the issue of sustainability, can be found on Commerzbank's Internet portal "Sustainability" at www.nachhaltigkeit.commerzbank.de.

This printed report is published every two years; the next report will appear in 2013. In the intervening years, any significant data and relevant developments are published in an online interim Status Report.

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The switch to renewable energy sources is here; Germany is phasing out nuclear power. What does this mean in a global economy? What ground rules will be needed in the future? The issues are discussed by Ottmar Edenhofer, Potsdam Institute for Climate Impact Research, Martin Iffert, Trimet Aluminium AG, and Jan-Philipp Gillmann, Head of Commerzbank's Center of Competence Renewable Energies.

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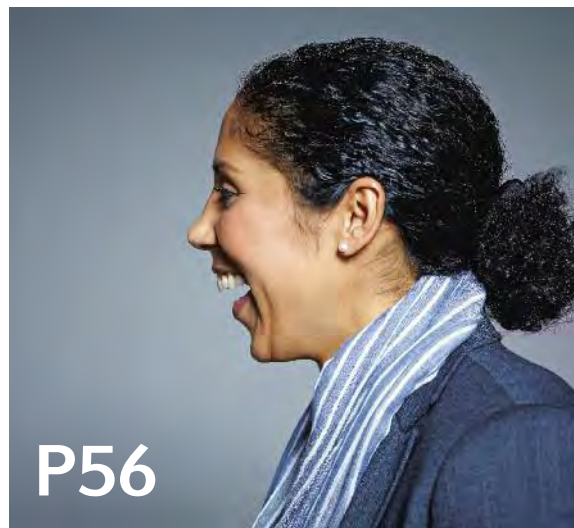
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Environmental protection is a managerial task. The Group Environmental Committee was established in 2010 as a link between the Board of Managing Directors and the Bank's units. Frank Annuscheit, chairman of the committee and member of the Board of Managing Directors, offers an interim appraisal.



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Martin Blessing Chairman of the Board of Managing Directors

Ladies and gentlemen,

this report, which bears the title “One bank, one partner, one future”, highlights how, across all our business operations, we fulfil our corporate responsibility within the overall social context. Specific examples of projects and products provide a detailed illustration of how we aim to secure a successful future not only for our own banking business but also for our customers and employees. Our commitment to renewable energies demonstrates that Commerzbank pursues a far-sighted and responsible approach to the issues of the future. By the mid-1980s, we were already one of the pioneers in the funding of wind energy projects in Germany. As a bank, we are both willing and able to provide substantial support for the wider use of renewable energies, triggered by the shift in Germany’s energy policy following the official decision to phase out nuclear power by 2022. We therefore decided to expand our renewable energies loan portfolio in 2011 by €1 billion to well over €5 billion and to double it over the next few years. In addition, following the German government’s decision to revise its energy policy, we spontaneously organised a round-table discussion – the details of which are documented in this report – on the subject of “Energy efficiency and renewable energies”, highlighting the many various aspects, the opportunities and the risks involved. The issue of nuclear energy and the switch to renewable energy sources was also discussed with other stakeholders: for example, at our head office, with the representatives of both international non-governmental organisations and of many German and other European banks, and with representatives of the world of business and politics, in connection with our “Commerzbank in dialogue” series held in Berlin.

In terms of our company, key achievements in the period under review were the successful completion of the integration of Dresdner Bank in around 1,000 days and the further systematic development of the core bank (with its four segments Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe). Following the largest rights issue in German history, we were also able to repay 90 per cent of the deposits from Germany’s Financial Market Stabilisation Fund (SoFFin). I should like to take this opportunity to specifically thank all employees most emphatically for their extraordinary degree of effort and commitment, without which these achievements would not have been possible.

In the period under review, Commerzbank significantly expanded its range of sustainable products and services for private and corporate customers. For example, we offer corporate customers a special kind of funding which we call “SolarLight”, providing them with a reasonably priced opportunity to become less dependent upon energy prices by installing their own solar power plants. Through our subsidiary, Commerz Real, we offered prospective customers a number of attractive, closed-end solar funds, which were very quickly fully subscribed to. We also launched our own information campaign on the subject of sustainability, aimed at our wealth management customers. In addition, we are naturally continuing to press ahead with the further expansion of Commerzbank’s Center of Competence Renewable Energies in Hamburg.

In our core business, we have also documented responsibility by formulating a policy on human rights in 2011, combining the existing guidelines valid for individual corporate divisions to form a mandatory policy for the entire Bank. This underlines the importance and binding force for Commerzbank of such international initiatives and standards as the UN Global Compact and the core labour standards of the International Labour Organization.

I especially want to emphasise Commerzbank’s commitment to the ten principles of the UN Global Compact. Like its predecessors, this report therefore constitutes a “Communication on Progress” (COP) as defined by the Compact. Further details on the degree to which we have implemented these principles can be found in the table on page 86.

We have also steadily increased our other sustainability measures. A particularly important internal move was the implementation of the Group Environmental Committee. Chaired by my colleague on the Board of Managing Directors, Frank Annuscheit, this committee, which comprises representatives from the departments responsible, meets twice a year to discuss key environmental issues for the Bank and to decide on the relevant action that needs to be taken. “Green” energy and promoting greater employee awareness of environmental issues and climate protection are just some of the topics discussed. In line with our commitment to climate protection, our Annual General Meeting in May 2011 was carbon-neutral for the first time.

At the same time, we want to strengthen our corporate responsibility profile. Both the Foundation Centre and the newly created Corporate Citizenship department, which handles Bank projects of particular social relevance, are helping us to achieve this goal.

Despite the many good pieces of news and our success with integration, we naturally still face challenges – among them, the serious European sovereign debt crisis. Nevertheless, we are still firmly committed to becoming the “best bank” for our customers. We believe that Commerzbank is making good progress in this respect and have launched a whole series of projects in this connection.

You can rest assured that we, the Board of Managing Directors of Commerzbank, are constantly aware of our corporate social responsibility. We have already achieved a great deal and have set in motion a large number of initiatives, as this report and our new sustainability portal on the internet will illustrate. However, we are equally aware that opportunities still exist to do more.

We intend to make sustainability an even greater integral element of our Bank’s processes and of our relevant areas of activity – because we are convinced that we can only secure a successful future for the Bank on the basis of a consistently sustainable business strategy. The best example of this is renewable energies, where sustainability has become a driving force in our core business.



Martin Blessing

Chairman of the Board of Managing Directors

Sustainability – success factor of lasting value

As one of Germany's largest financial institutions, Commerzbank takes its corporate responsibility very seriously and is a champion of sustainable business, both within and outside its own organisation. The Bank has again achieved measurable progress in this area in the reporting period.

➤ The Bank carefully ensures that its structures and processes meet both internal and external requirements for responsible and sustainable activities. Values and guiding principles provide clear direction in its day-to-day business. The Bank identifies the expectations and needs of its target groups in a systematically conducted dialogue with its stakeholders. A separate organisational unit is tasked with the management of corporate responsibility (CR): the Reputation and Sustainability Management (RSM) unit, which forms part of Group Communications and is therefore an area for which the Chairman of the Board of Managing Directors bears responsibility.

Positive contributions to sustainability, emissions reduced

Commerzbank is a leading provider of banking services to private and corporate customers in Germany and consequently its business activities and operations have a significant economic, environmental and social impact. The role of the Bank in the German economy is determined, among other things, by two key factors: first, Commerzbank is a significant financial partner for small and medium-sized businesses in Germany; secondly, the Bank is the market leader in handling the financial side of German exports and is therefore a linchpin in the funding of Germany's international trade.

From an economic and social perspective, Commerzbank AG is also significant as an employer, with over 39,000 people currently employed in Germany alone. One major success in the now largely completed integration of Dresdner Bank is the fact that the related reduction of around 9,000 full-time jobs is to be achieved in a socially responsible manner, i.e. without compulsory redundancies, while at the same time achieving the agreed objectives. With its Center of Competence Renewable Energies in Hamburg, Commerzbank is one of the world's largest providers of funding for renewable energy projects, a market that is so important for the shift in energy policy. In this way, Commerzbank is making its contribution to sustainable overall growth in Germany. The Bank's climate strategy brings together its relevant activities, sets the direction for future steps and gives the company a high public profile in active climate protection. Commerzbank has already attained one of its climate strategy targets: it had planned a 30 per cent reduction in its greenhouse gas emissions (compared with 2007 as the base year) by 2011 – in fact, CO₂ emissions had already almost halved by the end of 2010. This also takes the integration of Dresdner Bank into account.

Monitoring opportunities and risks

Changes in social attitudes to sustainability objectives influence Commerzbank's opportunities and risks in the marketplace.

Risks related to sustainability issues are monitored by reputational risk management as part of the Bank's overall risk strategy and control (see page 70).

Opportunities arise through the increasing societal pressure for climate protection and through the official switch to renewable energy recently implemented in Germany. The reduction of carbon levels calls for new technologies and products – and German companies are market leaders in many of these. As a major provider of funding for small and medium-sized companies, Commerzbank is very well positioned to continue to help these technology pioneers to expand.

The switch in German energy supply to renewable energy sources involves significant capital investment. The planned expansion of activity in this area presents the Bank with the opportunity for profitable activities, especially as it has built up the necessary expertise over decades and is now also involved in the offshore wind farm business. In the future, these wind farms will play a key role in the supply of electricity. Commerzbank's funding for renewable energies of around €4.4 billion in mid-2011 is to be doubled over the next few years.

In the years ahead, other international trading systems for CO₂ certificates, similar to the European carbon trading system, are expected to emerge. As an internationally active bank with experience in this field, Commerzbank already is well prepared to handle emissions trading on behalf of its customers and to advise them.

Values provide direction

Commerzbank intends to become the best bank in Germany and therefore the bank of choice for customers, staff and investors. While pursuing highly ambitious business objectives, the Bank still aims to fulfil its responsibilities to people, society and the environment. That is why Commerzbank's management and staff share a common set of values. These values, known as "ComWerte", create a binding, unifying corporate culture and provide direction for day-to-day activities in a globalised world. The set of values comprises:

- **Performance:** Individual and team-oriented performance forms the basis for the long-term success of the Bank.
- **Respect and partnership:** These values shape relationships with customers, employees and business partners.
- **Market orientation:** The Bank thinks and acts on a market-oriented basis; customers' needs and aims are crucial.
- **Team spirit:** For employees, cooperation means team spirit. As they face challenges together, they can also enjoy successes together.
- **Integrity:** This is the company's most important asset and the basis for the trust placed in Commerzbank.

This set of values proved to be a reliable orientation when Dresdner Bank was integrated. Since 2009, the Bank has held more than 4,000 workshops for executives and staff to promote the emotional and cultural merger. Skills and briefing workshops have been devised for managers at all levels in the hierarchy: roughly 3,800 managers have been prepared for their role as change agents. The target group for the "Team" and "Culture" workshops were the newly formed teams. In these workshops, the focus was on cultural similarities, cultural differences and on forming teams for sustained cooperation. >

Renewable energies create new business opportunities

Guiding principles for day-to-day business

An approach based on shared values, sustainability and responsibility enhances the value of the company and secures its future. This conviction is reflected in the Bank's internal guiding principles on corporate responsibility (see box). The guiding principles were drawn up in 2007 and, together with "ComWerte", provide the basis for responsible corporate activity at Commerzbank.

CR Roadmap points the way forward

In the next few years, Commerzbank will focus even more strongly on fulfilling its corporate responsibility. Among other things, existing systems, such as the health management system, will be expanded. The strategic framework for such efforts is provided by the CR roadmap, which outlines what we have already achieved together with the planned milestones for the period up to 2014. The performance section of this report includes a detailed presentation of the roadmap (see page 84).

Voluntary commitment under UN Global Compact

The United Nations Global Compact is one of a set of values and initiatives to which Commerzbank is committed. The participants in this voluntary policy initiative are taking an active, long-term approach to the challenges presented by globalisation. The UN Global Compact commits Commerzbank to ten principles, which are to be established and steadily developed within the company with the help of initiatives, projects, guidelines and courses. The principles cover the areas of human rights, labour standards, the environment and anti-corruption. In June 2011, Commerzbank for the first time published its own separate policy on human rights, among other things, underlining its efforts to make use of its influence over staff, suppliers and customers for the purpose of upholding human rights (see page 86).

Ongoing dialogue with stakeholders

Values and guiding principles need to be realised on a day-to-day basis. One aspect of this practical application is the constructive dialogue with all the key stakeholder groups, which Commerzbank maintained in the reporting period. Here, the Bank examined the expectations and needs of the respective groups and assessed their relevance. At the same time, Commerzbank was keen to promote its own standpoint. Dialogue opportunities were largely offered to the following

Corporate Responsibility Guidelines

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. Responsibility rooted in core business

Corporate responsibility is a significant, integral part of our corporate culture, operational banking business and internal work processes.

3. Employee awareness

We can only exercise our responsibility in practice if employees realise the principle of sustainability in their day-to-day work. That is why we constantly strive to increase employee awareness of these issues.

4. Stakeholder dialogue

Through dialogue with customers, shareholders and business partners as well as with the media, non-governmental organisations and various authorities, we want to become acquainted with the expectations and interests of our stakeholders and, at the same time, present Commerzbank's standpoint. We consider the results of this dialogue an important basis for building upon our activities in the field of corporate responsibility.

5. Commitment to UN Global Compact

We are one of the participants in the UN Global Compact. Together with other companies and the UN, Commerzbank is committed to upholding and promoting fundamental principles in the areas of human rights, fair labour conditions, anti-corruption and environmental protection.

6. Continuous improvement

Commerzbank is continually developing its corporate responsibility strategy in the light of the needs and expectations of a dynamically changing society.

groups of stakeholders: customers, suppliers, employees, the media, non-governmental organisations, shareholders, players in the capital markets and in society, politicians and legislators, and representatives of research and academic institutions (see graphic page 9).

Customers have access to the Bank via a wide variety of channels: with around 1,200 branches in future, it has one of the densest branch networks of all German private-sector banks. The work of the Customer Advisory Council (see page 21) also serves the exchange of views; this is complemented by various series of events and regular surveys (see pages 22 and 23). The Bank's employees can voice their opinions in a number of ways, including an annual staff survey.

Commerzbank maintains frank, transparent communication with the media – not least with a view to ensuring that all stakeholders are fully informed via print and electronic media.

Commerzbank informs capital market players – institutional and private investors, analysts and rating agencies – frankly and extensively about its business activities and responsible corporate conduct. The Bank reaches politicians and representatives of business associations, among other things, through its “Political breakfast”. Topical issues and well-known speakers have made this event a firm fixture in Berlin’s “political calendar”.

The NGO-Bank Dialogue Forum, a series of events staged by the German environmental and human rights organisation *urgewald*, forms a permanent integral part of our dialogue with non-governmental organisations (NGOs). For example, at the “Banks and the nuclear sector” forum in September 2010, *urgewald* and other non-governmental organisations explained the environmental and social consequences of uranium mining, drew up an economic balance sheet for nuclear energy and also discussed these topics with the banking representatives present. Further information on the dialogue with stakeholders can be obtained from Commerzbank’s sustainability portal (in the Governance section) at www.nachhaltigkeit.commerzbank.de

A systematic dialogue with all key stakeholders

Closely linked: reputation and sustainability management

Within the Bank, the Reputation and Sustainability Management (RSM) unit is responsible for the systematic dialogue with non-governmental organisations. Providing impetus and acting as a driving force, RSM is keen to promote corporate responsibility throughout the company as a whole. RSM works closely together with the other Group divisions; it manages and coordinates all communications tools and activities relevant to corporate responsibility.



At the same time, RSM acts as a “sensor” for external developments: the unit’s staff monitor and evaluate issues and debates. The responsibilities of the unit also include the diligent research, analysis and assessment of transactions and business relationships in which sustainability is a key factor (see page 70).

Together with Issue Management and the political liaison offices in Berlin and Brussels, RSM forms part of the Public Affairs department within Group Communications. Public Affairs identifies significant social, environmental, regulatory and political issues and ensures relevant information is communicated both internally and externally. Dialogue is a core feature of all activities undertaken by Public Affairs; among other things, the department is responsible for the “Commerzbank in dialogue” and “Political breakfast” events. “Commerzbank in dialogue” comprises a series of panel discussions with participants invited by the Bank. A member of the Board of Managing Directors and representatives of political, business, social and academic institutions together try to work out responses to pressing socio-political and economic issues, such as consumer protection, the switch to renewable energies and demographic change. In the future, Commerzbank also aims to use both series of events to promote the exchange of views with key stakeholders at the EU level.





An aerial photograph of a large port facility. In the foreground, a large container ship is docked at a pier, with a tugboat assisting it. The ship's deck is covered with stacks of colorful shipping containers. In the background, several yellow gantry cranes are visible, along with more stacks of containers and other ships in the water. The port is situated on a river or bay, with a city skyline visible in the distance under a cloudy sky.

Mittelstandsbank: Loyal finance partner

Boost for small and medium-sized businesses (SME)

Small and medium-sized enterprises (SMEs) are the engine of the German economy. Following the deep recession in 2009, companies found their feet again in 2010 and reported better business. Commerzbank loyally supported its corporate customers through the crisis. It is now continuing to get behind the SME sector with specially tailored products and services.

Why is it so important that small and medium-sized enterprises (SMEs) have a bank that is reliable over the long term? A quick look at the statistics provides the answer: three out of ten SMEs have an equity ratio that is lower than 10 per cent; only slightly more than a quarter can manage a ratio of at least 30 per cent, putting them roughly on a par with an average DAX 30 company. A low level of equity means that a business needs a comparatively high level of borrowing to cover its capital investment and working capital requirements. When large companies need to cover these requirements, they can turn directly to capital markets and issue their own bonds for example. SMEs turn to their banks: banks are by some way the most important source of funding for small and medium-sized businesses.

Strong backbone of the economy

Commerzbank is Germany's biggest lender to SMEs and therefore plays a valuable role at a macroeconomic level because these businesses form the backbone of the German economy. Businesses with fewer than 500 employees and annual sales revenue of less than €50 million account for around 99 per cent of all businesses in the country. They provide work for some 60 per cent of all employees liable to pay social security contribu-


tions and generate just under 40 per cent of all sales revenue. Overall, Commerzbank has extended total loan facilities worth some €150 billion to German corporate customers. No other major bank in the private sector makes so much capital available to SMEs.

Currently, there is still an underlying positive sentiment in most German SMEs: more than half of businesses are describing their own position as at least good, pointing to steady export demand and consumer confidence throughout Germany. However, most SMEs also believe that the outlook for the rest of 2011 is becoming somewhat gloomier as new challenges loom. One example is energy costs: no one knows yet how much Germany's shift in energy policy (in favour of renewable energy sources) following the nuclear disaster at Fukushima will affect energy prices.

Bonus for sustainable business model

It is a plain fact that the crisis has also left its mark on many balance sheets. A fall in sales revenues and profits has caused performance indicators to deteriorate, putting credit ratings under pressure. If Commerzbank were to base lending decisions on an analysis of past-performance figures alone, it would not be able to extend loans in some cases. Since 2009, the Bank has therefore also been assessing the sustainability of a loan applicant's business model using an "analysis of future viability": the corporate customer relationship manager looks beyond the rating for the business and takes into account the general situation in the relevant sector in terms of market and competitors; the manager can then determine the future prospects for the business over the medium and long term (see box). This additional element is factored into lending decisions with the help of an online tool. The result of this approach is that the "analysis of future viability" makes it easier for SMEs to access loans and the Bank is able to build up valuable expertise from its close involvement with individual industries and businesses – the online tool is familiar with 15 different sectors of the economy.

Another feature of Commerzbank's focus on long-term partnership is the "principal bank facility" for existing customers. In such arrangements, the Bank makes fixed facility commitments over the medium term, thereby providing the business concerned with a secure source of liquidity and a degree of certainty as far as planning is concerned.

 www.corporate-clients.commerzbank.com

"Performance indicators are only part of the true picture"



Jörg Konrad
Head of
Lending
Portfolio
Strategy

In 2010, when we looked at our customers' financial statements for the previous year, the effects of the crisis were plain for all to see. However, these figures were no longer giving us a true picture of the whole situation. By that time, the impact of the recession was becoming far less dramatic in most industries, with many businesses showing signs of growth again. This illustrates that incorrect lending decisions can be made in certain circumstances in a rapidly changing economic environment if such decisions are based purely on a company's recent financial data. In an upturn, a bank focused en-

tirely on historical performance would too often reject loan applications, and possibly extend too many loans prior to a downturn. It is for this reason that we have developed the "analysis of future viability". We consider each customer in its respective market environment based on detailed sector analysis. We look at the competitive position and growth potential of the business, analyse the extent to which it is dependent on individual customers and assess the stability of its order book. Our analysis drills down to the costs position: what is the level of production costs compared with competitors, how far is the business exposed to risks from commodity prices and exchange rates? This approach allows us to draw up an evaluation of the customer that extends over the long term beyond the current economic cycle. And as a by-product, we learn a great deal about our customer and the industry involved – this reinforces an enduring partnership with the customer.

"UnternehmerPerspektiven" initiative: current issues and long-term trends


What motivates owners of SMEs in Germany, what challenges do they face? The purpose of the "UnternehmerPerspektiven" initiative is to pick up on these issues and discuss them together with SMEs in a network involving trade association representatives, academics, politicians and other business people.

This initiative was set up in 2006 by our Mittelstandsbank segment to identify current issues and long-term trends by means of a direct dialogue with SMEs rather than by a detached analysis of databases or theoretical collation of data. Every group of issues to be addressed by the initiative is first set out in a comprehensive study drawn up with academic precision. This produces a meaningful overall picture – and a basis for discussion.

A key feature of the initiative are the dialogue events held throughout Germany at which all facets of each study are discussed. Once a year, the main branches of Commerzbank

issue invitations to the panel discussions to businesspeople, academics and politicians. The link between the studies and business practice is strengthened by examples of best practice and the sharing of information. Smaller local events are also held in addition to the large discussion events. The focus in these smaller events is on direct personal discussions in small groups comprising heads and executive directors of companies. In the workshops, which are moderated and have an opening presentation to set the tone, discussions focus mainly on specific experience and solutions that can be applied in practice.

Not least, customers are given an opportunity to network beyond their own industry and region. SME business owners and decision-makers can also use a XING platform to explore the issues raised by the initiative in more detail and to continue to build and consolidate their contacts in an exclusive group.

 www.unternehmerperspektiven.de
<http://commerzbank-mittelstand.xing.com>

Temporary equity

Commerzbank, as a leading finance provider for SMEs, knows that a loan is not always the best possible solution to meet individual customer requirements. The Bank has therefore found a way of also offering liability capital where such a solution is appropriate. In 2010, it set up a special equity fund for German SMEs ("AF Eigenkapitalfonds für den deutschen Mittelstand") in a joint initiative with the KfW development bank in Germany. The fund has total resources of just under €200 million, although this can be increased further. The fund primarily acquires a minority interest; further capital can then be injected in the form of shareholder loans. This option is targeted at unlisted German SMEs with a maximum annual sales revenue of €500 million and with a need for additional equity of €10 million to €30 million. Commerzbank and KfW seek a long-term partnership and not complete control of the business or maximum short-term returns. At the end of the term of the investment – no longer than eight years – the previous owner can buy back the shares held by the equity fund.

Whereas the equity fund and the principal bank facility emphasise long-term loyalty to individual customers, the "UnternehmerPerspektiven" initiative enables the Bank to focus attention on the long-term challenges faced by all SMEs and raise awareness of these challenges among academics, politicians and other business people. In this initiative, the Bank holds discussions with business people, economic experts, politicians and journalists to try to find ways of meeting the challenges ahead (see "UnternehmerPerspektiven" box).

Challenges ahead

In May 2011, the Bank presented a study entitled "Women and men at the top: the way German SMEs are led". This study was based on the Bank's experience that the nature of an SME is heavily influenced by the owner or executive director. This, the tenth study in the "UnternehmerPerspektiven" initiative, researched a number of areas including the managerial role as understood by heads of SMEs, the career history of heads of SMEs and the proportion of women in SME top management. One thing became very clear: SMEs are responding better than many major companies to the imminent shortage of skilled employees and demographic change. The proportion of women in top positions in SMEs exceeds the equivalent proportion in DAX companies many times over (see page 36). At the same time, the study emphasised that SMEs still had related work to do in this regard: many female heads of SMEs are still quite young – with the result that SMEs face the challenge of keeping them over the long term and smoothly integrating them back into working life as rapidly as possible after they have had periods away from work to raise children. The sponsor of the tenth "UnternehmerPerspektiven" study was Steffi Jones (see page 56), a former player in the German national women's football team and president of the organising committee for the 2011 FIFA Women's World Cup in Germany. At the presentation of the results of the study, Steffi Jones reported on her own management and leadership experience on this organising committee. ➤

Second chance

After a severe crisis, the figures for an SME are pointing in the right direction again. Now the business is considering a capital investment worth millions. The decision for the Bank is not straightforward at all: has the customer really managed to turn around the business?



Michael Schmid Credit mediator Commerzbank AG

Michael Schmid is the Commerzbank credit mediator, a risk expert specialising in such cases. He is an independent point of contact for the customer, and also for the Bank's own sales and marketing department when complex lending issues are involved.

Schmid and his team are unique among German banks because no other bank has this kind of quality assurance process in its lending business. This benefits both Bank and customer. Commerzbank intends to live up to its reputation in its position as the largest provider of lending for German SMEs: the objective of Commerzbank's credit mediation department (KMC) is to enable feasible business to be turned into reality. At the same time, the Bank invests in a long-term partnership with the business concerned: the customer learns that the Bank will spare no effort in making

sure that the customer is satisfied and, if required, will carefully review any concern a second time as quickly as possible. In such cases, businesses can make contact with the Bank very straightforwardly via the corporate customer portal on the internet.

The Commerzbank mediator is a central, independent body that will look impartially at any rejected finance application and attempt to find a workable solution in close consultation with the customer. In addition, the team's activities are focused on processing cases forwarded directly from corporate customer relationship managers. Without any bureaucratic restrictions, KMC employees support their colleagues along the entire lending process chain, advising on loan applications or acting as a sounding board. Schmid describes his product thus, "We deliver a feasibility study with optimum risk structure for each individual case." To this end, the team regularly assesses the collateral and banking structure for the business concerned and examines the customer's business model. In order to meet the requirements of each individual situation, KMC is organised by sector in the same way as the risk units; the department's employees work in close cooperation with their customer relationship and risk colleagues. A great deal of importance is attached to issues surrounding the present outlook for the business concerned: has the business seen off the crisis, is the business growing, how is the customer positioned within the sector? There may be a

case for taking equity in the business, for example funded from the special SME equity capital fund set up by Commerzbank in conjunction with the KfW development bank. According to Schmid (whose official title is "Special Representative of the Board of Managing Directors, SME lending"), "Our aim is to prevent legacy issues in the financial statements from jeopardising tomorrow's recovery."

Of course there is no guarantee of success. Schmid, who has worked for Commerzbank since 1979, knows that "If the business has fundamental structural problems or, in our view, is shying away from unavoidable restructuring, there is little that we can offer them." Ultimately, the Bank has to keep its risk under control. However, a customer can still benefit from the constructive reasons given for a rejection. As Schmid is keen to emphasise, "We talk to the managers of the business openly and honestly, and we make sure our lending decisions are transparent. The customer is told where we see the strengths and weaknesses in the business. This gives the customer the chance to focus on long-term improvement in creditworthiness."

Figures are now available for the activities of the specialist credit mediation team, which has now been in place for more than a year: overall, customers and corporate customer relationship managers have turned to the team more than 400 times. This equates to a total lending volume of some €2.5 billion.

In 2010, Commerzbank published a study, “SMEs and their banks”, in which it directly addressed the relationship between SMEs and the banks. In connection with this study, Commerzbank engaged the research organisation TNS Infratest to ask 4,000 businesses for their opinion. Of the businesses responding to the survey, 61 per cent said that their confidence in the German banking industry in general had fallen; 47 per cent only expressed an average level of satisfaction with their banks; 13 per cent not even that. SMEs expect from their bank, for example, more of a business mentality and less bureaucracy – key starting points, from a bank’s perspective, for increasing the satisfaction of SME customers.

As far as Commerzbank itself is concerned, there is less need for corrective action: the majority of its corporate customers are “very satisfied” or even “extremely satisfied” with the support it provides, as demonstrated by regular customer surveys (see page 22). Nevertheless, there is always room for improvement. For example, the Bank has reorganised its complaints management system in response to feedback from customers. There are now strict response time standards: any matter raised by a corporate customer must receive a definitive response within ten working days. If a funding application cannot be accepted first time around, the Bank’s internal credit mediator will review the rejection at the request of the customer and try to find a solution.

Top of independent rankings

It is not only the findings of customer surveys that demonstrate how well Commerzbank’s efforts are perceived and appreciated. A large number of awards highlight the leading role taken by the Bank. A survey conducted by financial magazine “Impulse” (issue 8/2010) showed that, for international business, Commerzbank is the most popular bank among SMEs alongside each company’s own principal bank. The Bank is the market leader for processing German export transactions: in 2010, no other bank processed more letters of credit opened in favour of German exporters. Whereas the branch network of regional banks often stretches no further than the German border, Commerzbank can provide support for its customers at an international level with its own network of branches and representative offices in more than 50 countries. A cornerstone of the Bank’s cross-border concept is the coordinating role played by the corporate customer relationship manager who acts as the central point of contact for the customer and leads Commerzbank’s customer service teams operating locally around the world.

In the last year, the Bank has also received an accolade from “Euromoney” magazine for its cash management (issue 10/2010). In this Euromoney survey, Commerzbank came out top in the “cash management in Germany” and “global customer service” categories.

In addition, the Bank took first place in the categories “customer service” and “quality of advice”. A study conducted by the German Institute for Service Quality (DISQ) on behalf of “Focus Money” found Commerzbank to be the “best bank for SMEs” with outstanding service quality and lending expertise. In the last year, the Bank has also been awarded the International German PR Prize, the most sought-after award in the communications industry, for its “Unternehmer-Perspektiven” initiative.

First point of contact for all questions

The customer feedback and awards demonstrate that Commerzbank’s SME business is constructed on very sound foundations.

However, things can always be improved, as shown by the “SMEs and their banks” study. One example is the proportion of customers seeking advice: when SME customers are looking for information on topics that fall within conventional areas of banking, such as financial risk management, the latest funding instruments or options for development subsidies, they do not automatically speak to Commerzbank straightaway. Expansion of the Bank’s range of advisory services over the next few years aims to position the Bank permanently as the first point of contact for SMEs. ||

Rating strengthens basis of confidence



Dr Matthias Häberle
Chief Financial
Officer
ALD Vacuum
Technologies GmbH,
Hanau

A credit rating must take appropriate account of clear signals that the business has a positive future, particularly in an industry such as plant engineering and construction. Our contacts at Commerzbank established our rating with a high degree of industry knowledge. They undertook a very detailed investigation of the specific situation in our business and the market environment in which it operates. I am absolutely certain that the future-based rating further strengthened the confidence of the Bank in the sustainability of our business model and, as a result, helped us to agree a framework funding facility with the Bank relatively rapidly.

 www.ald-vt.com

Energising force

Germany's decision to phase out nuclear power is accelerating the transition to renewable energies. Commerzbank has significant plans in this sector: it intends to double the volume of its commitment to renewable energies over the next few years.

> In 1864, when Johann Philipp Wilhelm Hinkel began to extract and sell mineral water on his land at Bad Vilbel in the German state of Hessen, he laid the foundation stone for the company known today as Hassia Mineralquellen GmbH & Co. KG. For more than 140 years, the business focused on water. In 2010, this family business then became a power generator: Dirk Hinkel and the other executive directors decided to invest in photovoltaics. Today, Hassia is able to generate more than 1 million kilowatt-hours of green electricity, avoiding 821 tonnes of carbon dioxide (CO₂) emissions and reducing its own electricity bills by around a fifth. The impetus for the investment came from Commerzbank's climate:coach service, which provided Hassia with comprehensive support for the project. By providing this combination of financial and climate advice, the Bank helps businesses realise potential energy savings and cut CO₂ emissions from processes and products.

Commitment will double

In the future, Commerzbank plans to back more and more success stories like that of Hassia. Comparatively speaking at an international level, the Bank already has one of the largest portfolios in this segment – in mid-2011, its commitment to the provision of funding for renewable energies amounted to some €4.4 billion – but it still plans to double this amount in the next few years.

In Germany, Commerzbank had a decisive influence on project finance for wind and solar energy plants from the very beginning. The Bank has been providing funding for wind turbines since the 1980s. In 2010, it provided new wind energy project finance worth €450 million and ventured into the funding of offshore wind farms for the first time (see page 45).

Into wider market with "SolarLight"

Likewise, Commerzbank has been providing finance for solar power systems similar to the one at Hassia for a number of years. It has also launched "SolarLight", a new product for financing photovoltaic installations at SMEs. If an SME intends to become a solar power generator and has a funding requirement of anything from just €250,000 upwards, Commerzbank can provide a lean standardised procedure to help the SME achieve its objectives. Schemes are rapidly verified and handled on a simplified basis by the use of proven technology and partnerships with experienced planners and installers. Commerzbank offers funding for terms of up to 17 years and, if possible, can integrate loans at favourable rates from the KfW development bank.

Solar panels on factory roofs or in open areas provide attractive returns for investors because the feed-in tariff is guaranteed for 20 years under the German Renewable Energy Sources Act (EEG). If required, the business can use the solar power itself and thereby gain a degree of independence from changes in electricity prices. The German Renewable Energies Agency estimates that it will be possible to generate as much as 47 per cent of electricity from renewable energy sources as soon as 2020 (see diagram).

Capital to support Germany's shift in energy policy

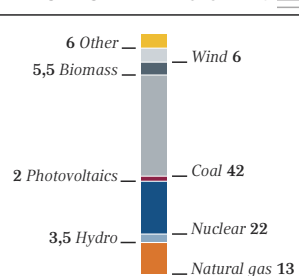
A large number of new plants will have to be constructed if Germany's ambitious targets for the national shift in energy policy in favour of green energy are to be achieved. For example, in the case of onshore wind energy, there is still significant potential available in the replacement of old installations with new more efficient technology. In addition to this repowering option and offshore installations, only southern Germany

still offers considerable potential for the construction of new wind turbines. Commerzbank offers investors the opportunity to exercise precise control over the risk and ensure that their installations are quickly connected to the grid. With its customised finance options and comprehensive range of expertise, the Bank is therefore helping to accelerate the shift towards renewable energy sources decided by the German government in 2011.

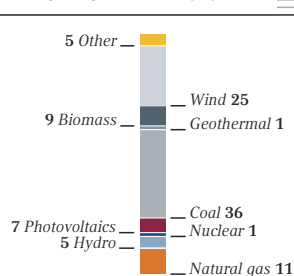


Germany's electricity mix

ELECTRICITY MIX 2010 IN %

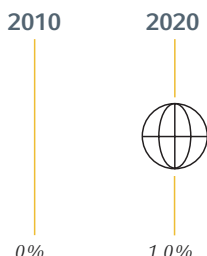


ELECTRICITY MIX 2020 IN %

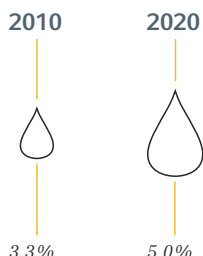


The decision in 2011 to phase out nuclear energy means that the electricity supply system will have to be converted while it continues to operate. Within just a few years, other power sources will have to compensate for the loss of nuclear energy, principally wind turbines, solar plants and biomass power plants. This presents new challenges for power plant and network operators. Germany therefore needs storage capacity, so that electricity continues to be available during the lull in generation at night (when there is no power from wind and solar plants). Transmission networks must be adapted, for example to carry wind power inland from the coast.

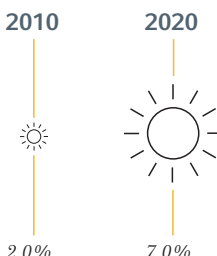
GEOTHERMAL



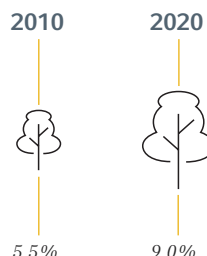
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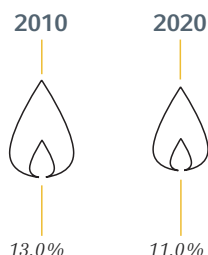
PHOTOVOLTAICS



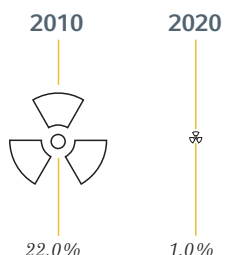
BIOMASS



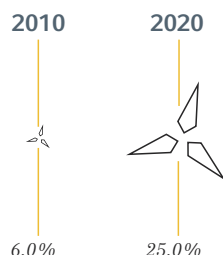
NATURAL GAS



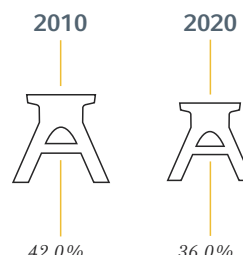
NUCLEAR



WIND



COAL



Source: German Renewable Energies Agency

Trimet: Saving energy, staying competitive

What will happen to Germany's energy-intensive industries if electricity and gas prices rise? Thousands of jobs depend on the answer to this question. Trimet Aluminium AG aims to use energy even more efficiently in the future, thereby remain competitive – and keep production in the Federal Republic of Germany.

Trimet is Germany's largest aluminium producer and operates its own smelting plants in Essen and Hamburg. Some 135,000 tonnes of aluminium are produced each year at the Hamburg smelting works alone. In the production process, Trimet uses an electrochemical method to break down aluminium oxide, as a result of which liquid aluminium collects on the floor of the electrolytic cell – a process that requires vast amounts of energy. Each year, the two plants use around 5 terawatt-hours of electricity as a raw material. This is equivalent to demand from approximately 1.3 million three-person households. Trimet is therefore the second largest electricity customer in Germany. Only Deutsche Bahn, the German railways, passenger transport and logistics enterprise, uses more.

Millions invested in furnace

Trimet was established in 1985 and now employs around 1,900 people. Given the company's massive requirement for power and the corresponding costs involved, an economical approach to the use of electricity and gas is vitally important. Anode production is therefore also a key area in which the company is targeting action on energy efficiency. Anodes accept the power feed in electrolysis and therefore form part of the process. Trimet manufactures new anodes from petroleum coke, coal tar pitch and butts from used electrodes. The "ingredients" are ground, mixed in the correct proportions, moulded into blocks and then baked at a temperature of approximately 1,200°C for around three weeks. This process also requires huge

amounts of energy in the form of natural gas. Currently up to 75,000 tonnes of anodes come out of Trimet's furnace in Hamburg each year. "We are planning to invest €24 million in the modernisation of this plant," explains Dr Martin Iffert, Trimet CEO (see page 39). "And we are relying on Commerzbank, our banking partner of many years' standing, for the funding of this investment. Commerzbank is supporting the project by structuring the loan and offering a complete funding commitment."

Following the modernisation of the plant, Trimet expects to see increased energy efficiency at various stages of production. The plan is to produce up to 120,000 tonnes of anodes from the furnace each year in the future, but to use 43 per cent less natural gas per unit. This represents a reduction of 54,000 megawatt-hours a year in the energy requirement, avoiding 10,900 tonnes of CO₂. Trimet will use the anodes in its own production processes. This cuts down on shipping and dramatically reduces vehicle fuel consumption: currently, the Essen plant still obtains all its anodes from China, but in future will cover half of its requirements with anodes from its sister plant in Hamburg.

The new furnace will not only supply increased volume, it will also deliver further improvements in anode quality. In turn, this will generate further considerable indirect improvements from a reduction in



the consumption of both anodes and power in the electrolysis process. The benefit from these indirect improvements will be even greater than the primary benefit from the anode manufacturing process itself – and that includes benefits in terms of CO₂ emissions.

Back in January 2011, the City of Hamburg environmental authorities appointed the Trimet facility in Hamburg a partner in its “UmweltPartnerschaft: Projekt 2011” initiative based on the proven success of environmental protection activities within the plant to date.



Solutions through mediation

Even in the event of a dispute, the customer has the right to expect that Commerzbank will take his or her interests into account and seek a fair solution. Customer advocate Andrea Habermann, who took up her post on 15 June 2010, reviews every case with a completely open mind.

Ms Habermann, you have been with Commerzbank for 23 years and a customer advocate for more than one year. How do you draw upon your experience and knowledge of the Bank to achieve something for customers?

I find it most helpful that I have detailed knowledge of the banking and selling processes and that I have accumulated a great deal of experience in conducting discussions with customers and branches. I benefit from the fact that I myself have worked for many years in the branch network and in a variety of roles from customer relationship manager to branch manager. The customer advocate is not really an advocate or lawyer in the legal sense. Rather, the role is one of mediator or arbitrator between the customer and the Bank. I studied business administration, not law. I try to balance the interests of the customer and those of the Bank and ultimately to find a solution that is acceptable to both sides.

**When can a customer approach you?
What do you do then?**

Every customer receives the same amount of attention, regardless of how great or small the customer's concerns appear to be. A customer complaint is initially directed to our quality management department. The function of the customer advocate is to complement the existing quality management. When I first take up a customer complaint, I try to form an impartial view of the matter. Often, I telephone the customer adviser and the customer and meet them on the spot, either individually or both at the same time.

Are there instances in which you cannot help?

I can only deal with customer complaints if the cause of the complaint occurred after 15 June 2010, i.e. after I took up the post, if there are no related legal proceedings in progress, and if the customer has not referred the matter to the Federal Association of German Banks (BDB) for arbitration by the ombudsman (see page 23). In addition, the customer should not yet have involved a credit mediator – this applies in particular to Kreditmediator Deutschland GmbH or to our internal credit mediator (see page 14).

The appointment of a customer advocate can be seen as a confidence-building measure. In your opinion, what else should Commerzbank do to strengthen customer confidence? The reputation of the banking sector has suffered considerably as a result of the financial crisis.

We have to listen to customers and focus on their needs. As a bank, it is more difficult for us than other companies – and not just since the financial crisis. You can't hold our products in your hands; a fancy design doesn't get us anywhere. The challenge for us is to explain our products, whether they're home loans or investment products. We have to point out clearly the opportunities and risks and, together with the individual customer, find the right product that is best suited to his or her specific needs.



Our aim must be to ensure that any customer making financial decisions is clear about where his or her priorities lie and what he or she needs – exactly as if the customer were buying a new car. One customer wants a very safe, reliable car suitable for any driving terrain. As an investor, this customer would be well served by a defensive strategy. Another customer is looking for a fast sporty number, fully aware that its crumple zone is smaller. This type of customer would perhaps accept a higher investment risk to get better returns. Our advisers help customers to consider the necessary points.

However, should something fail to satisfy the customer, he or she can have recourse to our quality management. And, if necessary, I can become involved.

What feedback have you received from customers and the Bank on your activities?

To date, both the internal and external feedback has been positive. Customers really value the additional point of contact for their complaints and recognise that Commerzbank is taking them seriously.



A sympathetic ear for customers

Commerzbank's focus on its customers reveals a broadly-based conception. In 2009, it became the first private-sector bank in Germany to set up a customer advisory council for private customers. The unsalaried members of this council are in close contact with Commerzbank and can therefore make valuable suggestions as to how the banking services can be further improved from a customer perspective.

In June 2010, Commerzbank also introduced a customer advocate and set up the Arbitration Council. The customer advocate mediates between customer and Bank and works towards an amicable solution. If no agreement can be reached, the customer advocate can refer the matter to the Arbitration Council. The Arbitration Council, which is the highest internal decision-making body at the Bank, comprises two members from the Customer Advisory Council and the member of the Commerzbank Board of Managing Directors responsible for the Private Customer segment.

Valuable answers

At Commerzbank, customer satisfaction is very much a board-room issue: customer loyalty forms an integral part of the variable remuneration paid to senior managers.

➤ “How likely are you to recommend Commerzbank to a friend or colleague”? Although this question seems quite innocuous, the responses given by customers nevertheless carry some weight. This is because the responses form the basis for determining the net promoter score (NPS), an internationally recognised key performance indicator well-established in many industries for measuring customer loyalty. Since July 2010, the NPS has been one of the factors on which the variable remuneration of senior managers in the Private Customers segment of Commerzbank is dependent.

The customer barometer showed an overall increase in satisfaction for 2010.

Since February 2010, Commerzbank has been interviewing up to 15,000 private customers by telephone each month so that it can obtain a reliable picture of customer willingness to recommend the Bank to others. Since June 2011, customers have also been asked about the background to their assessment of the Bank in addition to the question as to whether they are willing to recommend the Bank to others. The Bank is thereby obtaining valuable information on the reasons behind these customer judgements.

Customer barometer: positive trend

In addition to this monthly survey, the Bank also carries out a process known as the “customer barometer” in which researchers acting on behalf of the Bank inter-

view 1,500 Commerzbank customers and 1,500 customers of the former Dresdner Bank once a year in order to obtain much more detailed information.

The customer barometer focuses on questions related to overall satisfaction with Commerzbank, customer willingness to continue banking with Commerzbank and recommend the Bank to others, and the particular benefits of Commerzbank compared with competitors. Based on more than 50 questions, customers are also able to express a very detailed opinion with responses linked to various quality criteria for the individual product groups. Each year, this survey helps Commerzbank obtain a highly detailed picture of customer satisfaction and tailor its services accordingly in line with customer needs.

The customer barometer indicated that there was an overall rise in customer satisfaction in 2010. Commerzbank was also highly rated for its range of products, particularly the free current account, individual home finance models and the broad spectrum of investment products. In addition, it was encouraging to see the customer barometer confirm that the integration of Dresdner Bank had been successful: 85 per cent of former Dresdner Bank customers intend to stay with Commerzbank in the future.

Successful integration supported by customers

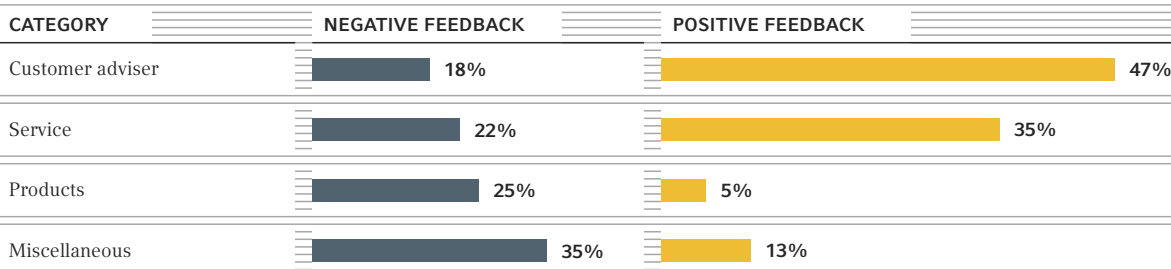
To monitor and support the merger with Dresdner Bank, a third tool known as “integration tracking” was introduced to measure customer satisfaction. In this case, opinions were sought from 300 customers from each of Commerzbank and the former Dresdner Bank, and their views on the integration of the two banks were recorded. This survey was carried out each month in 2010, but has now been scaled back to every two

Customer adviser as a success factor in customer satisfaction

Each month, Commerzbank asks 15,000 private customers about their willingness to recommend the Bank to others. The interviewers want to know not only whether customers will recommend the Bank to friends and colleagues, but also why this is the case. What are the key reasons for the customer's satisfaction or dissatisfaction? The Bank can

only press ahead with change and generate customer loyalty if it knows more about this issue. Surveys carried out to date are quite clear: the key success factor in increasing customer satisfaction is the customer adviser. Almost 50 per cent of customers highlighted high-quality, expert advice and infrequent changes in customer adviser as positive

factors. The next most popular area of positive feedback from customers was the "Service" category – items such as friendliness, accessibility and adherence to specified deadline dates. Where customers have given negative feedback, the most frequent reason is "Products".




months in 2011. The analysis illustrates that customers feel increasingly better informed and supported and that they are increasingly attaching importance to the expected benefits from the merger. This is highlighted, not least, by the high overall level of customer satisfaction that remained unchanged during the course of the integration.

The regular customer surveys also show that customer satisfaction at Commerzbank is at a reasonable overall level compared with competitors, although it ranks around mid-table for all banks in Germany, so there is still some room for improvement. In May 2010, "EURO Finanzen" magazine singled out Commerzbank as having the best complaints management among German banks; in a private banking test conducted in

July, the magazine also classified the quality of advice given to wealth management customers as "excellent" for the second year in a row (2010 and 2011).

Practical tips from the Customer Advisory Council

In addition to telephone interviews, the work of the Customer Advisory Council also provides valuable answers to the key question as to what Commerzbank customers want (see page 21). In 2010, the Bank took up a range of suggestions from this council. These included, for example, the suggestion that when there is an unavoidable change in customer adviser, the customer should be comprehensively informed in good time and the new adviser should be given checklists to ensure a smooth transition.

 www.commerzbank-kundenbeirat.de
www.germanbanks.org



Quality management

In 2010, Commerzbank's quality management department processed some 51,000 concerns raised by customers; this was up by 10,000 on 2009. This increase was attributable to a number of factors, including the delay in sending out annual tax certificates and complaints relating to open-ended property funds and retail structured products (certificates).

Ombudsman procedure (external arbitration)

Dissatisfied customers can also refer their concerns to the ombudsman at the Federal Association of German Banks (BDB). In 2010, 953 cases involving Commerzbank were referred in this way for external arbitration. Of the total number of cases that ended with a decision by the ombudsman, approximately 36 per cent were in favour of the Bank – excluding those cases in which an agreement had already been reached beforehand and those in which arbitration was declined.

Profit with a good conscience



The Commerzbank product range also includes investment and finance with an environmental or socially responsible orientation. Such products cover a spectrum from sustainability funds to loans for building restoration. All these offerings have one thing in common: they are sustainable products that simultaneously satisfy the requirements for both returns and an ethical approach.

➤ Environmental engineering and renewable energies are two sectors in which an ethical investor can invest funds with a good conscience. Currently only 2 per cent of private investors in Germany hold sustainable products in their portfolio, although interest is growing. All the same, the volume of environmental and socially responsible investment in the German-speaking market has already risen from €5 billion to €34 billion since 2003.

Since the disposal of its cominvest investment company in 2009, Commerzbank no longer issues its own retail funds but offers investors who have an interest in sustainable investments a selection of high-

quality products from our well-known partners. These products include “Sarasin OekoSar Equity – Global” and “Sarasin Sustainable Water” (see page 100).

Impartial, objective fund advice

The starting point for the multi-stage selection process is the range of approximately 10,000 products that have been authorised in Germany and that are more than two years old. A quantitative and qualitative review is then carried out of this broad span of products after which roughly 200 are selected.

The selected eco-friendly products are among only around 50 investment funds in total that merit a purchase recommendation from Commerzbank. The Bank then gives independent, unbiased fund advice based on its list of best funds: customer advisers make their recommendations after selecting from the top funds the products that are best suited to the customer's personal situation, investment objectives and experience. In addition to hand-selected retail funds, the range of products offered includes closed-end sustainable investment funds. Investors appreciate that solar power plants can yield reliable and attractive returns, in some cases as a result of heavy subsidies. Investors can target a place very much in the sun with closed-end investment funds from the Commerzbank subsidiary Commerz Real Fonds Beteiligungsgesellschaft mbH (CFB): for example, the "CFB-Fonds 177 Solar-Deutschlandportfolio III" fund issued in 2010 invests in eight German solar power plants. This fund is one of the largest of its kind in Germany with a fund value of around €185 million.


Accolade from Scope

The units in the "CFB-Fonds 177 Solar-Deutschlandportfolio III" fund were sold within just a few weeks. CFB is now planning the next product for investments in photovoltaic installations, either already completed or still under construction. CFB intends to use this fund to continue to consolidate its position as one of the largest providers of closed-end solar funds. It is not only investors who find these products impressive, as demonstrated by an award from Scope, an independent analysis organisation. This year's "Scope Award" in the

"Energy" asset class lauds the quality of CFB's concepts and prospectuses and the integration of expert, reliable partners in the products.

Environmental, social and ethical criteria are also playing an increasing role in finance arrangements. This can be confirmed by, among others, students who have submitted an application for a study loan from the KfW development bank via Commerzbank. Commerzbank is one of the few national providers that facilitates access for its young customers to KfW funding with what German consumer organisation *Stiftung Warentest* referred to as "unrivalled terms and conditions". Students can now make use of these training loans to concentrate on bachelor's and master's degrees without having to do jobs on the side at the same time.

Commerzbank actively integrates KfW schemes in its advice and discussions on funding options and is then able to carry out all the processing for the customer. Various such schemes related to housing are used to promote projects aimed at improving quality of life for the elderly, disabled, or families with children, and projects with an environmental motive. Examples of schemes offered include low-interest loans of up to €50,000 for special conversions for the elderly or up to €75,000 per residential unit for the renovation and modernisation of housing, such as the addition of facade insulation. As far as home loans are concerned, the subsidy schemes from KfW development bank can therefore be used in many cases as a low-cost addition to conventional home finance.

 www.commerzbanking.de
www.commerzreal.com



Sunny outlook

The "CFB-Fonds 177 Solar-Deutschlandportfolio III" was the third closed-end solar fund issued by Commerz Real. Investors were able to take units in the fund by investing €10,000 or more. The fund invests in eight solar power plants in Bavaria and Brandenburg. At the Reckahn site alone – located in eastern Germany and one of the most extensive solar farms in the country – the plant covers an area of just under 90 hectares and has a maximum output of 36 megawatts-peak (MWp). In theory, the photovoltaic panels installed at this site could meet the electricity requirements of over 10,000 households and avoid 20,327 tonnes of CO₂ emissions a year. The plants in which the fund invests can together cut as much as around 38,000 tonnes of CO₂ emissions a year in total. The plants are helping to protect the climate and are providing a secure income stream: approximately 28 euro-cents are received for every kilowatt-hour fed into the grid and this amount is guaranteed until 2030.



“A fabulous thing”

We have reached the finish line. The integration of Commerzbank and Dresdner Bank has been completed much faster than expected. Commerzbank's Dr Anke Sax and Thomas Bothe were project employees in the unit responsible for the integration. Here are their impressions.

➤ Success needs courage. This was something that Anke Sax and Thomas Bothe were both well aware of when they jumped in at the deep end in 2009 and began a venture into the unknown. The two Commerzbank employees had left behind their jobs in IT and investment banking in order to focus entirely on one of the largest projects in German banking history: the merger of Commerzbank and Dresdner Bank. Two years of project work lay ahead. Anke Sax managed the implementation in Germany as part of the overall integration project. This included the conversion of branches as the brands were integrated, the assignment of employees to their new target functions and the associated authorisations to use IT systems. Thomas Bothe was based in the central project office with responsibility for investment banking in the old Commerzbank and in Dresdner Kleinwort, and was also deployed in London and New York. Together with up to 4,500 other employees working on the project throughout the group, he ensured that the integration was on the right track, enabling the project – which was headed by Markus Krebber, at that time Head of Division, Integration, and Peter Leukert, Head of Division, IT – to be completed in record time.


Commitment in a force 10 gale

“Personally, I think the most important outcome is to have completed such a challenging project in a short time with a high degree of commitment” sums up Anke Sax, who is now divisional head for the management of IT costs. “For me, the critical factor in the success of the project was the steady and clear focus on the timeline and on Commerzbank systems.” Thomas Bothe, now regional branch manager for the Mittelstandsbank segment in Augsburg, agrees: “From the very beginning, we had a clear objective in front of us. Throughout the company we could sense the high degree of commitment and significant respect for the task in hand.”

This was a monumental task. Not only technically and organisationally, but also from a human point of view. This is because the integration of Dresdner Bank into Commerzbank changed the day-to-day working pattern for a great number of people. It was necessary to cut 9,000 full-time posts and move 45,000 employees into new target functions. It was not only


data that had to be relocated: employees had to be relocated too. Fears and prejudices had to be broken down and the workforce guided “by the hand” through all important stages. Bothe remembers: “We had to reconcile the most diverse range of interests, the most diverse departments and the most diverse objectives.” No easy undertaking given the general economic and financial crisis at that time. “We managed to do everything in a force 10 gale,” emphasises Bothe.

It soon became clear that everything would stand or fall on communication. And this can sometimes be tough. “I simply couldn't communicate enough and get across to everyone why it is not such a good idea to strike out alone,” reflects Bothe. “What I found remarkable was how everyone approached the task with respect.” It was jointly decided that this huge project should be taken step by step and that we should not be driven mad by the size of the task. “From that point on, it was clear that we were on the right track.” Anke Sax adds, “I found it difficult to analyse, communicate and bring together the different viewpoints.” But she says that is always difficult and quotes com-

A woman with short brown hair and glasses, wearing a dark grey suit over a white shirt, is sitting on a grey stone ledge. She is smiling and looking towards the camera. Behind her is a large tree with green leaves and a modern building with a grey facade. The scene is outdoors.

“With a high degree of commitment, we were able to complete a challenging project within a short space of time.”

Anke Sax Commerzbank AG

A man in a dark suit and red tie stands in a garden with manicured hedges and a gravel path. In the background is a white building with large arched windows and a black metal gate. The scene is well-lit, suggesting daytime.

“When you share in success, the members of a team integrate with each other much more quickly.”

Thomas Bothe Commerzbank AG

munications guru Paul Watzlawick: “According to Watzlawick, even in day-to-day business, successful communication is the exception rather than the rule. It is a challenge to guide communication flows along the right channels. But when it works – it is simply marvellous!”

Cultural integration comes to the fore

It worked. Rather more quickly than expected. Now however, following formal conclusion of the integration process, one challenge remains: cultural integration. Thomas Bothe is convinced that this process will succeed too: “It will still be some time before we can say we are all now really ‘one’. However, with each day that colleagues work together, they get to know each other better and are increasingly able to leave the history behind.” He says that he hardly ever hears anyone now say, “We used to do it this way and you do it that way.” And Bothe also knows that shared success acts as a bond. “We are benefiting from this at the moment. I notice it in my team in particular: when you share in success, the members of a team integrate with each other much more quickly.” Trainees also help to ensure that all members of the team become integrated. “Trainees or stu-

dents have never been set in their ways with entrenched attitudes dictated by the culture of the previous organisation.”

Anke Sax is also conscious of the significance of the cultural dimension: “We must make sure that the dynamism and the cross-functional way of working become part of normal day-to-day activity with little or no territorial egoism. We must continue to ensure that different approaches to issues are perceived as positive and not as a threat. We must also guard against selective perception and comments such as ‘that’s typical Dresdner Bank, typical Commerzbank’.” Anke Sax believes that things are already working well on the whole. However, from time to time she has noticed that there are still some pockets on either side that view the other side with some criticism. “We all need to be clear that diversity equates to added value and is fundamentally important, not dangerous.”

Valuable experience for their own careers

Anke Sax and Thomas Bothe have made a big contribution to the success of the integration project and have themselves assembled a huge amount of valuable personal experience in the process. Experi-

ence that they consider to have been invaluable. As Bothe explains, “Almost every day over two years in this project, I had to apply the methodological skills of the consultant, translating complex details as simply as possible.” He also adds that the problem-solving strategies that he was able to acquire as part of the integration project are invaluable.

Anke Sax is delighted that she has now gained an overall view of the Bank. What is more: “I have built up an unbelievably useful personal network that is worth maintaining. A solution is often only a telephone call away.” She says she has also learnt something else: “Communication, communication, communication. If we manage to talk to each other and not over each other or at the same time as each other, then we can achieve anything.”

There is no doubt that the integration project work also demanded a great deal of energy. Marathon meetings were as much a part of the process as many a pizza at midnight. Having said that, given a choice, the two project employees from Commerzbank would do it all again in exactly the same way. Anke Sax is absolutely certain: “You really don’t get many chances in life to be part of such a fabulous thing.”

Integration in record time

Commerzbank successfully completed the integration of Dresdner Bank in less than 1,000 days. All the key milestones in the largest integration project in German banking history were reached on schedule. The Bank even managed to progress faster than expected in some areas despite the challenging global economic situation. The final major stage in the bank-wide integration project took place over Easter 2011 when customer and product data was migrated. Since then, all customers in all branches have been offered the same products and services. Commerzbank had already modified its organisational structure during 2009 and 2010. In this process, appointments were made to approximately 3,800 management positions and some 45,000 employees were deployed in new target functions. Commerzbank is also on schedule with the implementation of the plan to reduce the number of full-time posts. As previously announced, a total of around 9,000 full-time staff

are to be made redundant, 85 per cent of these redundancies having been already agreed on a voluntary basis. If targets are achieved by the end of 2013, there will be no compulsory redundancies.

The integration requires a radical shift in culture, which represents a huge challenge for all those involved. Many employees will have been affected by a comprehensive change in their day-to-day work – and this may have even involved a change in activity or relocation. From the very beginning, Commerzbank therefore paid particular attention to the “soft” factors and adopted a professional change management approach. To this end, some 3,800 managers were trained as “change agents”. Among other things, their role was to help shape the position of employees in the integration process and highlight a clear path to the new Commerzbank. In addition, more than 4,000 workshops addressing the subject of integration were held within one-and-a-half years. Employees

will also continue to be actively supported in the future with targeted teambuilding seminars.

Cultural integration is a protracted process. Ultimately, the success of the process will be decided by the level of satisfaction achieved by each and every employee. As long ago as the period immediately following the announcement of the takeover, Commerzbank initiated systematic employee surveys in order to make the level of satisfaction transparent. The most comprehensive survey tool is the representative “change monitor”: the results of the second major survey of 15,000 employees in September 2010 showed that the workforce was continuing to integrate into a team from an emotional perspective and was exceedingly committed to integration. Managers particularly identified with the Bank. The survey of all employees in the third quarter of 2011 addressed a number of factors, including the core issue of cultural integration.

Best opportunities for bright stars

Commerzbank needs highly productive, dedicated employees in order to maintain its competitive position over the long term. This applies especially in view of the challenge presented by demographic change. Commerzbank therefore attaches particular importance to talent management.

➤ An ageing population is not just causing problems for the pension and healthcare systems. It is also turning out to be a rigorous test for a growing number of German businesses. The German Federal Statistical Office has calculated that, assuming the birth rate remains constant until 2020, the population of working age will fall by 38 per cent by 2060. As the number of people approaching retirement increases, the number of young people approaching working age is falling. Alarm bells are ringing amongst businesses. The German Federal Employers' Association (BDA) and the Federation of German Industries (BDI) are already complaining that there is a shortage of more than 150,000 skilled employees in mathematics, information technology, natural sciences and engineering (known in German as "MINT" subjects). It is no wonder then that the struggle to attract the best talent has been fiercely competitive for some time now.

Commerzbank has also acknowledged that times are changing. As Albert Reicherzer, Head of Division for HR Issues, explains, "The range of potential employees available to us is shrinking as a result of demographic change. It is becoming increasingly important that we retain employees over the long term." The company is facing up to the challenges with a forward-looking talent management system. This system encompasses both young talent and top management and focuses on recruitment, management and training of young talent, and on the skills, qualifications and professional development of managers.

Talent management from schools to the network

Commerzbank undertakes a range of activities to inspire young people of school age to aim for careers in the financial industry. For example, it has expanded its "target school concept". The Bank operates partnerships with schools and internal bank initiatives in

which Commerzbank bank employees help school students produce their own business plans and gain a great deal of knowledge about financial issues. The students are also given training in job applications in which they themselves become "HR managers".

In 2010, the Bank also continued to strengthen its collaboration with universities. The various elements of this collaboration are brought together under a scheme known as "management meets campus": together with interdisciplinary teams from universities, Commerzbank managers carry out a wide range of joint activities including guest lectures, case studies and workshops. These activities are in conjunction with 37 universities, both in Germany and abroad. Six top European universities outside Germany have become part of the scheme over the past year.

The Bank is pursuing numerous other initiatives in addition to the joint activities with traditional educational establishments: during 2010, the company ran a series of career events with the title "WomenUp" at which it presented opportunities in the company to young women aiming to become managers. The Bank is also seeking to exploit web-based social networks in its efforts to attract the brightest stars. This is an important move – according to a study by the Institute for Competitive Recruiting, well over 15 per cent of all appointments in German companies are now made via Facebook, Twitter, Xing, etc..

Trainee rate significantly above the industry average

After starting employment, university graduates expect a wide range of training and professional development opportunities. In the past year alone, the Bank has employed more than 1,000 trainees and students on inte-



There is a steady change in aims and aspirations: women are seeking management positions, men are requesting sabbaticals and part-time working.

grated work/study courses; in 2009, the equivalent figure was 940. The ratio of trainees to other employees is just under 7 per cent, which is well above the industry average.


In addition to the theoretical knowledge provided by vocational colleges and by universities offering a combination of study and practical vocational training, young executive talent at Commerzbank receives the benefit of an in-house training scheme organised by the Bank in cooperation with the Frankfurt School of Finance & Management. In 2010, the Bank launched its “Graduate Programme Corporates & Markets”, setting an example in this field at international level. This programme offers interdisciplinary training to university graduates from a variety of countries, helping them to prepare for subsequent posts in investment banking. It also helps them develop a network of important contacts worldwide.

Employee development as a success factor

Commerzbank believes that the continuous professional development of employees is a key factor in the successful performance of the business. It also attaches a great deal of importance to individually-tailored development. Head of HR, Reicherzer, emphasises, “Aims and aspirations are slowly changing. Women are seek-

ing management positions, men are requesting sabbaticals and part-time working. People are taking a different view of the idea of a career. We are therefore offering new career paths, although the management career continues to play a significant role. We are aiming to offer three different career paths of equal value.”

The Commerzbank Management Programme (CMP) is an attractive training and professional development opportunity established to support a management career at the Bank. Careers in project management are supported by the Commerzbank Project Management Programme (CPP), a new programme initiated at the start of 2011. With the help of the Commerzbank Academy, the Bank is planning to establish specialist careers as an equally valid alternative to management and project management careers. Two new programmes represent milestones in the international professional development of employees: the CEE 4Runners programme prepares international executive talent for overarching projects in the Bank’s eastern European business; the Challenge investment banking programme allows specialists and managers from different continents to work on strategic projects over a period of seven months. As Reicherzer is well aware: “The better the professional development prospects on offer, the greater the commitment from our employees.”

 www.commerzbank.com
> Careers





Employees: Advancement of women

“Really good orchestras are
at their best when mixed”

Half of all employees at Commerzbank are women. However, the proportion of women managers is only 23 per cent.



> Commerzbank has initiated a project known as “Women in Management” in order to make more appointments to top jobs from the ranks of high-performing women. A key element of this project is the self-mentoring system (SMS). It helps women take control of their own careers themselves. Here, we talk to Christine Weiner, a freelance business consultant and HR coach who was involved in the development of the self-mentoring system.

Ms Weiner, why are there still so few women in management positions in the business world? A quota approach is currently under discussion, but would this be of any help at all?

The current discussion is reminiscent of the time when the first women were engaged to play in orchestras. That was in the middle of the last century. There were some pretty strange arguments as to why women musicians could not form part of an orchestra, the weirdest being that a woman would not be able to hold a violin as long as a man. Nowadays, no concertgoers are surprised if there are women in the orchestra, nor do they think the women might only be there because of some quota system. If you look at it this way, it will not be long before we have completely forgotten whether a successful woman got her job with or without a quota. More often than not, successful people, whether they are men or women, stand out as a result of their abilities. However, what I think is certain is that if companies fail to demonstrate that they have significantly increased the proportion of posts held by women

over the next two to three years, they will be seen as fusty, conservative and somewhat antiquated. These companies are going to be far behind the times. Really good orchestras and choirs perform at their best when they are mixed. Really good businesses too.

What is the position in your industry? In banking, how are women’s careers hindered or promoted?

It is no longer a question of promoting women or asking what is holding them back. It is much better to discuss how we can organise businesses so that men and women can work together in management. The issue is no longer just “men” or just “women”, but men and women together. A willingness to learn from each other helps to foster this new cooperation. If we can manage this, we will have found a completely new way of delivering successful performance. I suspect that shared management will engender not only management of a different quality but also success of a completely different quality too.

You helped to develop the self-mentoring system (SMS) at Commerzbank. What is so special about this system as far as the professional development of women in management positions is concerned?

The SMS helps to support women who want to take control of their own careers. The difference compared with structured mentoring schemes is that, in the SMS, the mentee, i.e. the woman who is supported by the mentor, carries out the search and matching process herself. She must set out her detailed objectives, define the requirements for a suitable mentor, go out and find the right person within Commerzbank and then persuade this person to join the mentoring process. The benefit from all this is a new overview which, in turn, allows the employee concerned to develop new perspectives. A network is created with the other mentees. My role in the system is to support both the mentee and the group. The methodology is to set out a vision and then develop a strategy leading to the objective. In this process, mentees learn that if they adopt a committed approach that is well thought out and managed, it is possible for them to make a career for

“Companies that do not show they have significantly increased the proportion of posts held by women over the next two to three years will be seen as fusty, conservative and somewhat antiquated.”

themselves. This experience can then be applied to other objectives where it acts as a strong motivating force.

That sounds exciting. What advice do you give to women who want to purposefully shape their careers themselves?

In my experience, it is hugely important and beneficial that you acquire a clear understanding of your own circumstances and actions. You can only turn something into reality if you know what it is you want to do. You have to know what is holding you back if you want to deal with it and find a solution. Clarity about your own motivations, desires and the obstacles in your way is a powerful driver in career development and change. No matter who you are, it does you good if you are conscious of your own actions and motives. What is more, this self-awareness is a key aspect of leadership and management.

Hand on heart: what hurdles have you had to overcome during your career?

There have been so many, I am not sure which to choose. School is certainly a good place to start. Twice I had to repeat a class because of problems with German. I longed to be able to write books, but at that time that seemed about as likely as a trip to the moon. When I then made it into the really fast lane, everybody was completely stunned. Later, despite any number of obstacles and doom-laden prophecies, I managed to turn my heartfelt wish into reality and was accepted as a member of the venerable PEN Club. In both private and professional life, I have repeatedly taken a chance, attempted to jump hurdles and accepted risk. One of my basic tenets now is that I define what is an obstacle for me; the obstacles do not define me.

Ms Weiner, thank you so much for giving us your thoughts.



Praise for the mentor

Promotion of personal initiative, professional development, networking. These three primary objectives are at the heart of the self-mentoring system.

➤ A key aspect of this programme for promoting women in management positions is finding a mentor who can help the mentee systematically develop her own professional career path. “Part of the job of being a manager is to look at yourself and examine your own management style,” emphasises Silke Witter. Since March 2010, Silke Witter has been a group leader in the Mittelstandsbank segment with responsibility for process management both in Germany and abroad. Since the end of February 2011, she has been a partici-

pant in the SMS scheme, which runs in each case for more than a year. Her interim assessment of the scheme is positive: “I found an experienced mentor who is helping me reconcile my self-perception with the image others have of me. This has enabled me to work on my personality and tread my own path.” She has specific praise for the way in which matters are dealt with confidentially between the mentor and mentee. “This also helps me raise questions that sometimes may not be quite so pleasant.” Coaching sessions were provided to



Silke Witter Commerzbank AG

help Silke Witter prepare for the self-mentoring system. These included two seminar days away from the day-to-day pressures of her job, at which Silke had to get to grips with her personal goals. The sessions also gave her the opportunity to meet colleagues with similar professional objectives. “This opportunity to talk to colleagues extended my knowledge of some of the Bank’s areas of activity that I may not normally have any contact with during the course of my day-to-day line responsibilities.”



Women in Management

Commerzbank aims to have more women in top jobs – with or without statutory quotas. The Bank has issued a joint declaration to this effect together with other major German enterprises.

➤ In March 2011, in a joint initiative with the other DAX 30 companies, Commerzbank made a commitment to initiate special measures to increase the proportion of women in the management ranks. In a declaration headed “Women in Management”, the largest listed companies in Germany undertook to define company-specific targets for increasing the proportion of women in the workforce and in management, specify the speed at which these plans are to be implemented and regularly report on the outcome.


Each company is to be able to make its own decision as to how many management posts will be occupied by women and how quickly this will happen. These leading German companies are of the view that the imposition of statutory quotas would not be the right way of smoothing the career path for more women managers because standard targets in a “one-size-fits-all” solution do not take into account the very different circumstances in which each company operates.

Commerzbank has launched a large number of related programmes and initiatives and is therefore already satisfying all the key points in its obligations under the joint declaration. In the past year, the Board of Managing Directors has initiated a “Women in Management” scheme in order to maintain the continuous increase in the proportion of women at all management levels.

The Board of Managing Directors has decided not to introduce a uniform ratio throughout the bank because the starting position varies from segment to segment. A comprehensive package of measures has been introduced with the aim of ensuring that the targets for each segment are achieved by 2015. Workshops will be held to raise awareness of the issue

among managers, who will be challenged to increase the proportion of women in the pool of potential executive talent. Commerzbank has already increased the number of women observers in selection procedures. The Bank will also provide more support for women in the planning of their careers. To this end, it has developed an overarching mentoring scheme. The members of the Board of Managing Directors and senior managers act as mentors for one to two mentees each year. At least half of all mentees must be women. In addition, Commerzbank promotes the development of potential managers with special career days and networks for women. It offers flexible working time models, teleworking jobs, a countrywide families service and a steadily growing range of childcare services in order to foster a better work-life balance.

Complementing the action taken across the bank as a whole, segment-specific action plans take into account the starting position in each individual segment. For example, the Services segment has initiated a programme called “Women in IT” in order to increase the proportion of women in professions related to mathematics, information technology, natural sciences and engineering.

A half-yearly management report for the Board of Managing Directors and the relevant steering committee documents the progress that has been made under the “Women in management positions” initiative. The launch of a global diversity management system in 2012 will also give the scheme further impetus. 

Success with diversity


Tolerance and understanding, appreciation and respect, open-mindedness and diversity: these are fundamental values that Commerzbank's corporate culture turns into day-to-day practice.

Commerzbank is Germany's second-largest bank and employs people from approximately 100 countries. Men and women with different ethnic origins, religions, philosophies, personal dispositions and needs. People with strengths and weaknesses. This diversity provides the foundation for Commerzbank's success. This diversity not only brings together all conceivable skills, it also has a positive impact on motivation, loyalty, innovative strength and commitment – and it helps to create an excellent working environment.

Commerzbank has been fostering all of this over many years with active diversity management and is one of the pioneering German companies in some key areas. This includes, for example, the promotion of a work-life balance and the advancement of women. A number of awards demonstrate that this commitment has also struck a positive note outside the company.

In the past year, Commerzbank has been awarded the principal "Work and Family Audit" certificate by the Hertie Foundation, the fourth time that the Bank has received this award. This award assesses the extent to which a business is family-friendly and the extent to which the business is continuing to develop related policies. In 2010, Commerzbank also received the Max Spohr Prize for the first time. This award recognises the Bank's commitment to diversity in the workforce – particularly in terms of gay and lesbian employees.

Other current strategies that form part of the Bank's diversity management are focusing on cooperation between the generations, sexual orientation, cultural diversity, work-life balance and women in management positions.

 www.commerzbank.com/Diversity



Diversity networks

Cultural diversity is not planned and implemented solely by the HR department. Rather, Commerzbank uses networks to actively integrate its employees into the diversity process.

The "Courage" women's network provides a mechanism in which the Bank's female employees can share professional experience and information and encourage each other to take on demanding roles. The network was set up in 1998 by women employed by the Bank and was one of the very first women's networks in a German company.

The "ARCO" gay and lesbian network is the largest company network of its kind in Germany with around 370 members. Founded in 2002, this network aims to foster mutual tolerance at all levels. Among other things, it offers a web-based virtual information and discussion forum.

The "Focus on fathers" network was set up in 2004 by fathers pursuing a better work-life balance. It is helping to bring about a gradual change within the Bank in the image of male employees who take paternity leave or work part time.

The "CrossCulture" group of experts advises the Bank's diversity management unit on intercultural issues. This group was created in 2010 with the aim of supporting cultural diversity projects.

"KulturWerk" is an overarching association encompassing a whole range of employee groups that regularly meet to pursue shared hobbies. The association provides the opportunity for participants to share information at both professional and personal levels.



“We can become the global innovator”

What opportunities and risks come with the switch to renewable energy sources? How do renewable energies help to protect the climate? What hurdles need to be overcome at the national and international levels?

➤ In a panel chaired by Dr Stephan Lienin from management consultants Sustainerv, Professor Ottmar Edenhofer, Chief Economist at the Potsdam Institute for Climate Impact Research, Dr Martin Iffert, CEO of Trimet Aluminium AG, and Dr Jan-Philipp Gillmann, Head of the Center of Competence for Renewable Energies at Commerzbank discuss these issues.


“Energiewende”, a German term coined to refer to the shift in energy policy in favour of renewable energy sources, has every chance of becoming the most high-profile new word of the year in Germany. Professor Edenhofer, what does the term mean to you? What are the overarching objectives? How critically should we view this concept?

Edenhofer: If we look at the planet as a whole, there is quite clearly no shift in energy policy towards renewables at all. We have a fossil fuels energy system based on coal, oil and gas. Renewable energies have only a very small share. What is more, we are right in the middle of the biggest renaissance in coal in human history. This is occurring primarily in China, India and in the USA. Why is it happening? First, the high level of oil and gas prices has made power generation using coal economical. Secondly, China has decided to

become independent of oil from the Middle East and has initiated a massive programme of capital investment in coal liquefaction. The high price of oil also means that another phenomenon is generally overlooked: the last few years have seen a dramatic increase in exploration for new oil, coal and gas deposits. So, at the global level, there has been a shift in energy policy towards further use of fossil fuels.

Gillmann: However, general discussion now also revolves around the fact that natural resources are finite, and that these resources will be in increasingly short supply. At some point there will be no more oil. The debate about peak oil, i.e. the point in time when the maximum rate of global petroleum extraction is reached, has been going on for decades.

Edenhofer: You are absolutely right. But the peak oil assumption only makes everything worse. I believe that a higher oil price is catastrophic for international climate policy. It means that unconventional oil reserves, for example the oil sands in Canada, become economical propositions. That is the first and most significant impact; primarily, it makes the use of oil sands economical, rather than renewable energies. The second effect is that it makes coal and coal liquefaction economical. The scarcity of oil simply means that we use more coal. These are all sources of energy with high emissions. There are some 12,000 gigatonnes of coal in the ground. It is estimated that this would last for 800 years. The widespread hope that fossil fuels will

 www.commerzbank.com/renewables
www.pik-potsdam.de



“We need a global CO₂ price. We need to bring this about within the next 10 to 15 years. All the other options would be less efficient and more painful.”

Professor Dr Ottmar Edenhofer PIK

run out and that this will lead to a switch to renewable energy sources is completely misplaced. The fact is that we have too many fossil fuel resources in the ground. The real shortage in the 21st century is the lack of disposal space in the atmosphere where we need to offload our CO₂. If emissions are too high, we risk climate change that will also be dangerous from an economic perspective. In my view, there is therefore only one solution. The global community must reach agreement that this disposal space is running out and that the cost of CO₂ must rise. It would be wrong for us to focus simply on Europe when rethinking our energy policy. China, for example, has long been the world's workshop. With every consumer durable that we import from China, we are also importing CO₂ emissions. If China continues to rely on coal on a large scale, emissions will rise, even if we make huge efforts here in Europe to reduce them. Germany has now decided not only to abandon nuclear energy and focus strongly on renewable energies. If Germany can show that a highly industrialised country can increase the share of renewable energy sources at low cost, this will act as a strong signal to other countries as well.

Iffert: That's the point. Even though the German government has announced its shift in energy policy, it has not really specified how this is going to be achieved. As a business concern, we note the direct impact on markets and prices. If you look at energy prices relating specifically to Germany, you can see that the initial nuclear moratorium triggered a rise of 10 to 20 per cent in energy prices on the European

Energy Exchange in Leipzig. That was a direct consequence of the government's action. I think it is important that our society engages in a dialogue; that we ask ourselves: What overarching objectives are we aiming to achieve? Do we just want to rid this place called Germany of nuclear energy and CO₂, or shouldn't we solve the problems at a global level? If so, we can't solve our emissions problems simply by exporting our CO₂ emissions. We have set up an ethics committee as part of the shift in energy policy, but we can't solve our ethical problems in Germany by relying on energy imports and simply by having the energy-intensive products such as aluminium, steel, copper or silicon produced in other countries. Nor is it at all fair or honest to rely on Russian natural gas and, at the same time, to stand by and watch as Russia builds dozens of new nuclear power plants. Of course, the shift in German energy policy presents new opportunities, but many German sectors are now at a disadvantage.

Gillmann: I fully agree with both of you. Naturally, we need global coordination. However, there are two sides to the discussion overall. As the shift in energy policy has become a political reality in Germany, some sectors – such as energy-intensive industries – will become less competitive internationally; but there will also be winners, namely the renewable energies industry.

... turning to renewable energies. Dr Gillmann, for some years now, Commerzbank has been promoting and financing the growth of renewable energies. Can you tell us something about the challenges facing this sector? What is the sentiment like? Where can you see untapped growth potential?

Gillmann: Given the policy decisions taken in Germany, there is a great deal of optimism and hope – for example, among wind turbine manufacturers and project developers, but also in the solar industry, where things have otherwise not been too good. However, Germany is a relatively mature market where a lot has already happened. Most of the growth is therefore expected abroad. The business of many of our customers has long been very international. That's why we too originate roughly half of our new project finance business outside Germany, to help our customers operate at an international level. However, we are only active in countries that are highly stable, both politically and economically. Capital investment in renewable energies is a long-term business and, as such, requires a completely sound legal framework. Where can we rely on subsidy mechanisms being applied as promised?

From a technological perspective, I see most of the potential in Germany in offshore wind power – which is backed by strong political will – but also in repowering, i.e. the use of new technologies in existing locations. In other countries, photovoltaics offer better prospects, simply because there is more sunshine available. Examples here are the USA (particularly in the south-west) and the Desertec project.

Generally speaking, the long-term success of renewable energies will largely depend on how far cost prices can be reduced to a competitive level. This is a critical driver for the industry. Much has already been done in respect of the cost curve, but more is still needed.

Edenhofer: I entirely agree with your reference to the massive learning curve in renewable energies. The impact of this is often overlooked, but it is a key factor for the economic potential of renewables. And the huge growth rates that we have seen in renewables over the past five years have been quite remarkable, even if the starting point was rather low. The global community can definitely not afford to ignore renewables. There is also no doubt at all that renewables will represent a massive growth market worldwide. All the same, the promotion of renewable energies is no substitute for putting a price on CO₂ emissions. Without CO₂ pricing,

emissions could still rise despite the expansion in renewable energies. China is investing heavily in renewables, but without CO₂ pricing it would also continue to invest in the use of coal. And this investment in coal would be vast! In 2030, 70 to 80 per cent of power generation in China will still come from coal. So when we talk about the potential for renewables, we are also inevitably talking about a race against coal. Cap-and-trade plans, i.e. systems for capping and trading emissions, are the only solution. These ensure that, worldwide, greenhouse gas emissions are reduced wherever it is most efficient to do so. In the end, it is just a matter of resource allocation. However, we shouldn't kid ourselves: as a result of the CO₂ emissions that we have already pumped into the atmosphere, we have essentially predetermined the climate for 2050. There is no way we can change this. We are therefore talking about possible dramatic effects in the second half of the century. We can argue about whether we still have 10 or 15 years to get an ambitious global agreement on climate protection in place, or alternatively to link up regional regulatory systems at an international level. The exact number of years is neither here nor there; we are left with an insanely short period of time.

I detect a consensus opinion that phasing out nuclear power alone is not enough for a shift in energy policy. We need global rules.

Iffert: Personally, I'm a very great believer in innovation, in the power of knowledge and in the fact that there will be completely new options available to us in 20 years' time. I'm confident that we will experience exponential growth in knowledge and for this reason >

Professor Dr Ottmar Edenhofer (50)

is Deputy Director and Chief Economist at Potsdam Institute for Climate Impact Research (PIK), Professor of the Economics of Climate Change at TU Berlin (Technische Universität Berlin) and Co-Chair of Working Group III of the Intergovernmental Panel on Climate Change (IPCC). The latter has recently published a comprehensive special report on renewable energies.

Dr Martin Iffert (45)

is the Chairman of the Executive Board of aluminium producer Trimet Aluminium AG, based in Essen. Dr Iffert studied electrical engineering and has an MBA from the IMD Business School in Lausanne. He has published a large number of specialist technical papers and spoken at international conferences. Over the past few years, he has carried out research at the University of New South Wales in Sydney, where he also gained a doctorate.

we ought not to put our entire national wealth on one horse. Action is needed here. At the moment, under the present circumstances, I think it is unrealistic for a government to decide not to permit any increase in CO₂ emissions. This would mean a cut in people's perceived prosperity.

Edenhofer: I don't agree with your last point. You say that a reduction in CO₂ would lead to a loss of prosperity. However, renewable energies offer a broad range of opportunities with significant potential for technical progress. Many experts expect to see a further drop in the costs of renewable energies. But, at a global level, we ought not to be talking just about renewables; we also have to address the issue of the sustainable use of fossil fuels. This includes a technology that is thoroughly unpopular in Germany: carbon capture and storage (CCS). We have calculated this any number of times in economic scenarios: it would be extremely difficult to implement a successful international climate policy without CCS. However, in Europe, we do not have a single pilot project that demonstrates whether the principle – including capture, transport to plant and storage by injection into the ground – will work or not. I believe it is irresponsible to discontinue research into this option before any findings have been obtained. Understandable though the fears of many people relating to this major new – but to date little understood – technology may be, it is ludicrous in my view to rule out the CCS option right from the outset.

Gillmann: We're having quite a one-sided discussion about the risks posed by the shift in energy policy in the form of higher electricity prices. However, the related opportunity is that the increased costs force us to rethink. If there is no economic incentive behind

innovation, then no innovation will take place. But now we are being forced to step out of our comfort zone and find solutions for the challenges presented by the switch to renewable energy sources.

Iffert: I too think that our future very clearly lies in renewable energies. The question is simply how do we get there? According to the political targets and models produced by the German Energy Agency (DENA), Germany's installed generating capacity based on renewable energies will have reached a level in 2030 that is double the level actually needed by Germany at peak times. But what do we do then if there is no wind or the sun doesn't shine? This is where a huge gap appears because there is not nearly enough storage capacity. Greater reliance on renewable energies also means greater demand for raw materials. We have done the figures just for aluminium and have calculated a huge extra demand of one million tonnes for the expansion of power networks, photovoltaic installations and wind farms alone. This does not even include the use of electric vehicles. Millions of tonnes of steel, copper and silicon will also be needed. These materials will have to be produced somewhere – and on a sustainable basis. However, this will only work if the entire international community is committed to the same course. This also means that, if Germany surges ahead in this field, it will only be good for climate protection and nuclear safety at an international level if other countries to follow suit. And that will only happen if we do not de-industrialise Germany in the process. In this respect, however, we still have to devise and implement the right plans.

But Dr Iffert, doesn't the fact that Germany is still more or less all alone in this respect present new opportunities for innovative German companies to steal a lead on competitors?

Iffert: You are absolutely right. Every transmission network, for example, means aluminium, because aluminium is the best conductor. That's why it has vast potential areas of application. I also think that aluminium has huge potential for solving some of the climate protection problems in particular. This applies primarily to electric vehicles but also to the production of conventional vehicles. Lightweight designs can save

a great deal of energy and cut CO₂ emissions. The automotive sector, one of Germany's key industries, will stay on its successful course if Germany continues to develop the materials the industry requires, and, first and foremost, this means aluminium. The question will be: do I also produce the aluminium in Germany, too? Do I have the materials-related expertise in Germany? Can I promote innovation as a result? If none of this exists, and if I can no longer apply in Germany the innovation that I am generating, then I'm sorry to say that I will walk away. I believe that we can do it, but we need the right political framework.

Edenhofer: It's certainly true that we are facing a huge challenge. The only comparable challenge to the switch to renewables in my view was the challenge of German reunification. Above all, we need to expand the supply networks. This is a rather large issue that we need to tackle. It won't be sufficient to expand supply networks in Germany alone. If we want renewable energy sources to account for 30 to 40 per cent of the elec-

tricity supply, this will only be achievable on a Europe-wide basis. Every European country will have to abandon completely the ideal of self-sufficiency in energy. Solar energy from Spain, biomass from Poland, wind power from the North Sea: this is the future. Cross-border expansion of supply networks – that's my first point. My second is that, if the share of renewables is so high, we will need to think about new transmission systems. The German Renewable Energy Sources Act will also have to be amended to reflect the strong expansion in renewables. A third point is that, if the share of renewables is going to rise to this extent, we will suddenly have completely new energy markets. By its very nature, power generated by solar and wind energy plants is going to fluctuate much more than that from coal-fired power stations and nuclear reactors. We will therefore have to ask ourselves how to ensure that we have sufficient energy storage capacity. Methane, which is obtained from renewable energy sources, is a promising option that calls for further research. We really will have to think about this because, at the moment, we are not even remotely close to finding solutions for the critical issues relating to energy storage.



“New lightweight designs can be used to save a great deal of energy and cut CO₂ emissions. Aluminium offers significant potential for solutions to help protect the climate.”

Dr Martin Iffert Trimet Aluminium AG



“The learning curve for renewable energies has been and remains huge. As a bank, we help our customers to exploit all available potential.”

Dr Jan-Philipp Gillmann Commerzbank AG

Many questions, many possible solutions. How important is energy efficiency as regards the shift in energy policy and climate protection? Dr Iffert has already outlined the potential offered by aluminium in this connection.

Gillmann: At Commerzbank, we have been addressing the issue of energy efficiency for many years and considering how we can help our customers. Of course, the shift in energy policy means both a cleaner energy supply and also lower energy consumption. However, many companies have no clear idea of all that could be done in terms of building insulation or machinery efficiency. Here, for example, we act as intermediaries for various schemes run by Germany's KfW development bank, providing companies with an energy adviser at reasonable cost. The adviser inspects the production facilities and works out the potential savings from energy efficiency. What kind of glazing is used in

the buildings? What machinery is used? How efficient are the processes? What logistics are required? To date, energy efficiency has primarily been a topic for companies where energy is a significant cost factor. The difficult economic times that we have recently experienced and continue to experience have also made companies focus heavily on their core business or, in some cases, simply on survival. The more companies return to normal, the more they will seek further ways of optimising their activities. The switch to renewable energy sources will accelerate this process because the relevance of energy as a cost factor will increase. For this reason, the issue of energy efficiency is featuring ever higher on company management agendas.

For us as a bank, our primary function is capital allocation, directing credits to where they are best deployed in economic terms. As energy costs rise and energy becomes more relevant as an issue, we will increasingly take energy efficiency into account as a factor in lending decisions. If businesses use energy efficiently, they will be able to improve their credit rating, thereby also reducing their cost of capital.

Edenhofer: Energy efficiency is essential. Of that, there can be no doubt whatsoever. Nevertheless, you have to note that energy efficiency is double-edged. On the one hand, it makes our processes more efficient. However, on the other, this increase in efficiency also creates room for further growth. As I said earlier, there has been no drop in emissions at a global level. Quite the opposite. They are rising in line with growth. One reason for this is that energy efficiency makes this very growth possible. This is called the rebound effect. Now the question is: what can we do to ensure that the impact of energy efficiency is not double-edged? In my view, we have an important tool here that cannot be rated highly enough. I mentioned this tool a short

Dr Jan-Philipp Gillmann (38)

studied business administration at Hamburg and Berkeley, after which he obtained a doctorate at St. Gallen in 2000. From 2000 to 2008, he was employed by the consultancy firm McKinsey in Munich and Hamburg. Since 2008, he has been head of Commerzbank's Center of Competence Renewable Energies (CoC RE).

while ago: carbon trading, which caps greenhouse gas emissions. But we need a fundamental reform of carbon trading in Europe, so that all sectors are included. The more sectors that are included, the cheaper it becomes overall. It is extremely important to understand this. Trading in emissions rights becomes more expensive the fewer the participants, because the market cannot then find the sectors in which evasion is cheapest. And we must not forget that Europe is the most important global regulator. The world is keeping a close eye on the success of European carbon trading. This is where I see the greatest potential. We should be talking about these bottom-up processes and not just about the major climate conferences, which many observers unfortunately think will be rather less than successful in the years ahead. Just imagine that we have no global climate agreement at all. But perhaps we can create a carbon trading system involving California, New England, Australia, the EU and possibly Norway by linking together national and regional regulatory frameworks. We would then be in a completely different world. Furthermore, in Germany, we need a climate and energy advisory council that reports to parliament and gov-

ernment and carries out an annual review on how and why the targets have been reached – or not. If we do not manage to set up a body of this kind, publishing regular reports that give rise to public debate, Germany's shift in energy policy will fail.

Iffert: That is a call for action by policymakers. Every company must also review its own business models and examine how it can become innovative together with others. There are certainly also crossover areas here between the Bank and companies in which new technologies can be actively promoted. The path that Commerzbank has already adopted with us can be considered a model.

Gillmann: The principle for businesses involved in renewable energies has to be: continue along the learning curve and in doing so establish a competitive advantage over fossil fuels. The market is there now. And that is good news for the renewable energies industry.

Gentleman, thank you for an extremely interesting discussion.



Green electricity from the sea

At sea, the wind blows more strongly and consistently than it does on land. That is why a significant amount of electricity will be generated by offshore wind farms in the future. However, large quantities of raw materials are needed for the construction of these facilities – their extraction and processing must be friendly to the environment and climate if there is to be an overall net benefit. Commerzbank has been committed to promoting wind energy since the 1980s, when it started to fund wind turbines installed on land. The Bank supported an offshore installation for the first time in 2010; it was part of a syndicate with seven other banks that together provided loans of altogether roughly €870 million for the Thorntonbank wind farm off the coast of Belgium near the seaside resort of Ostend.



Concentration of expertise to support the switch to renewables

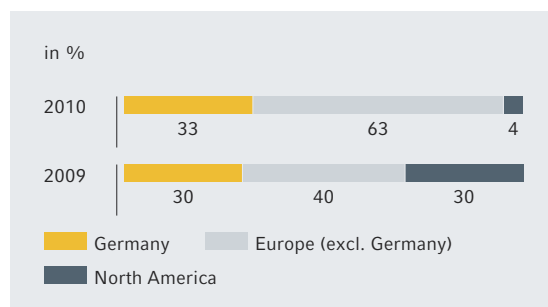
Commerzbank has been advancing the cause of renewable energy sources for around 25 years. The Bank, with its Center of Competence Renewable Energies (CoC RE), is one of the world's largest project financiers in this growth market and it intends to double its commitment over the coming years. The growth in new business is already at levels never previously experienced.

Germany has now taken a definitive decision to phase out nuclear power: the switch to renewable energy sources is coming faster than expected. Commerzbank is well prepared. Back in the 1980s, the Bank was already developing sustainable strategies for the age of renewable energy sources. Since then it has promoted and funded corporates and projects in this area of activity. The Center of Competence has developed into a highly valued partner for academics, politicians and businesses who wish to discuss issues related to renewable energies. This commitment is not only of benefit to the environment and climate. Green energies are the ultimate growth market

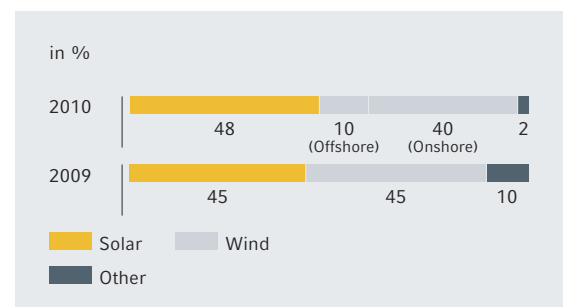
and German technology enterprises are global leaders in this sector. In the last few years, these companies have created over 300,000 new jobs in Germany alone.

Commerzbank set up the CoC RE in Hamburg in 2003 as part of the Mittelstandsbank segment in order to gather together the Bank's expertise in renewable energy sources. The centre has one of the largest renewable energy funding portfolios with a total credit volume of around €4.4 billion (as at mid-2011), of which approximately €3.1 billion are dedicated to financing projects. The Bank intends to double its commitment in this sector over the coming years and has

CoC RE new business by market

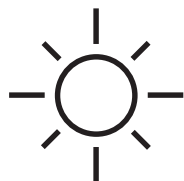


CoC RE new business by technology



CoC RE high-profile projects

SOLAR FARMS



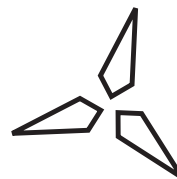
Germany: "FinowTower" solar farm

The "FinowTower" solar farm has been constructed on a former military airfield at Eberswalde in the state of Brandenburg. The plant has a peak output of 24.3 megawatts-peak (MWp). This can supply electricity to 5,600 four-person households. Over the plant's 20-year life, this will also save around 450,000 tonnes of CO₂ emissions compared with the equivalent power generation based on fossil fuels. In the current year, the plant is to undergo further expansion to just under 82 megawatts (MW). "FinowTower" will be one of the largest solar power plants in Europe. Commerzbank was the sole bank funding provider for this solar farm.

Germany: "SolarLight" at Gross Pankow

In the town of Gross Pankow (Prignitz), a solar power plant is being installed on the roof of a pig farm. The plant will have a peak output of 900 kilowatts-peak (kWp). In the first full year of operation (2012), electricity generation is expected to be approximately 862,454 kilowatt-hours (kWh). The total investment is just short of €1.85 million. The plant is a model for Commerzbank's new "SolarLight" product, which facilitates the funding of photovoltaic installations with an investment requirement from as low as €250,000.

WIND FARMS



Belgian: "Thorntonbank" offshore wind farm

The huge "Thorntonbank" wind farm, with 54 wind turbines and an output of 325 MW, is being constructed off the coast of Belgium near Ostend and will be completed by 2013. The investment in the project amounts to €1.3 billion, of which €869 million has been funded by loans from a syndicate of lenders comprising Commerzbank and seven other banks.

USA: "Elk Wind" onshore wind farm

After Texas, Iowa is the US state with the greatest electricity generating output from wind power. A further 17 turbines from the German company Nordex AG are to be installed by the autumn of 2011. The 41 MW wind farm known as "Elk Wind" will supply green electricity for an average of around 14,000 households in Iowa. Commerzbank is providing half of the total lending of approximately US\$60 million.

already planned a record increase of around €1 billion in new business for 2011. The number of CoC RE employees will also continue to grow to support this growth in lending. Currently, there are around 80 employees at the main office and at satellite offices in Stuttgart and New York looking after corporate and project finance both in Germany and abroad. The Bank is also planning a significant expansion of the sales team in the near future from the current level of around 50 people. The CoC RE's core business is project finance. This includes, for example, finance for wind farms and solar energy plants operated by municipal utility companies, energy concerns or private investors.

The output just from wind energy and solar power projects in Germany that Commerzbank financed in 2010 amounted to more than 160 megawatts. Based on this output, around 191,000 tonnes of CO₂ emissions were cut within one year. Overall, plants financed by Commerzbank helped to avoid 9,100,000 tonnes of CO₂ emissions within one year. This equates to approximately 8 per cent of the total reduction in CO₂ emissions in Germany as a result of the use of renewable energy sources.

 www.commerzbank.com/renewables





“Ambitious objective is achievable”

Commerzbank added a further dimension to its environmental management activities with the establishment of the Group Environmental Committee in April 2010. All relevant segments and the Works Council are represented on this committee, which meets twice a year. Here, Frank Annuscheit, chairman of the Group Environmental Committee and member of the Commerzbank Board of Managing Directors discusses the work of the committee.



Mr Annuscheit, how important is environmental management at Commerzbank and at what level of the organisation is it situated?

Commerzbank recognises that environmental protection is a task for management. Environmental management at the Bank therefore begins with the Board of Managing Directors and then continues through all other levels of management. It is important and significant that all managers accept responsibility for achieving our environmental goals. All employees must then help to implement the plans. The basis of our approach is our certified environmental management system, which has been implemented throughout the bank at all locations in Germany. In this respect, there is a distinction between our approach and that of many other banks.

And what role does the Group Environmental Committee play?

The Group Environmental Committee is the central clearing house for all environmental protection issues. It is the link between the Board of Managing Directors and the group's units, ensuring a smooth process of communication and coordination. It therefore promotes a situation in which environmental issues are brought together and interconnected throughout the bank. All key environmental management issues can be brought before the committee, discussed and decided upon on behalf of the Bank.

What are the committee's specific objectives and tasks? What authority does it have?

The committee has three main functions. First, it defines targets applicable throughout the group for improving environmental performance. Secondly, it adopts binding requirements for environmental protection and environmental management. Thirdly, it acts as an important driving force, ensuring that environmental considerations are taken into account in Commerzbank's product and sales portfolios.

Are the environmental management challenges going to become even bigger?

The extent to which environmental protection concerns are integrated into all the Bank's key processes will be further stepped up, for example in the selection of locations and properties, the installation of technical equipment or in the construction of infrastructure. The Group Environmental Committee sets binding targets. The number one priority is to achieve a marked reduction in our CO₂ emissions. Therefore, we must and will achieve further significant reductions in our consumption of resources. Obviously, that is an ambitious objective. But I am certain that we can achieve it.



Ambitious climate targets

For years, Commerzbank has been committed to fulfilling its corporate responsibility as far as climate protection is concerned. The Board of Managing Directors adopted its own climate strategy as long ago as 2009. The four areas of action aim to significantly decrease greenhouse gas emissions and to gradually make the Bank carbon neutral. In addition, the Bank plans to deliver further improvements in the organisation of its core business on a sustainable basis and step up its communications activities in connection with the issue of climate protection.



Climate protection as part of environment management at the Bank

Commerzbank believes that one of its most important climate protection targets is to reduce its greenhouse gas emissions by 30 per cent by 2011 (taking 2007 as the base year). As it turns out, the Bank had already exceeded this target to a significant degree by 2010. By the end of 2010, it had in fact almost halved CO₂ emissions compared with the 2007 level.

Further savings have been generated by the targeted use of district heating. For example, in the spring of 2011, the Bank connected the Silberturm, Gallileo, Neckarvillen buildings and the property at Gallusanlage 8 in Frankfurt to the Mainova district heating network. As a result, energy consumption has fallen from around 19 million kilowatt-hours of gas per year to approximately 14 million kilowatt-hours of district heating. The current ongoing refurbishment of the Silberturm building will enable the Bank to reduce the CO₂ emissions associated with this building by around 2,400 tonnes each year. Commerzbank is also implementing an energy-saving strategy in connection with its exterior lighting: since the brand migration in June 2010, the Bank has been using LED lamps rather than incandescent light bulbs or fluorescent lamps in its display windows and corporate signage. Electricity consumption in this regard has fallen by 82 per cent as a result.

The Bank has also been able to notch up some successes as far as business trips are concerned, an area of some significance for the company's carbon footprint: in 2010, domestic flights covering a total of 250,000 kilometres were cut following the introduction of a special incentive system for using rail travel instead (see page 118). Other initiatives within the energy-efficiency-oriented travel policy and Green IT have also been contributing factors in bringing down energy consumption still further (see page 112).

Reduction in greenhouse gas emissions

in tonnes of CO ₂ equivalent	2007	2008	2009	2010
Old Commerzbank	127,106	91,043	–	–
Dresdner Bank	120,392	112,349	–	–
New Commerzbank (incl. Dresdner Bank)	247,498	203,392	232,446	127,224

This includes the integration of Dresdner Bank. This successful outcome was the result of targeted efficiency and renovation measures and an increase in the proportion of electricity accounted for by renewable energy sources. The most significant contribution has come from green electricity generated predominantly by hydroelectric power plants. The proportion attributable to this energy source was increased from 42 per cent to almost 90 per cent over the years 2009 and 2010. We managed to avoid approximately 90,000 tonnes of CO₂ emissions as a result of this improvement alone.

Action taken

By the end of 2010, Commerzbank had almost halved its CO₂ emissions compared with the 2007 level. The Bank had therefore reduced its greenhouse gas emissions much more quickly than initially planned.



2,600

For their journeys to the Annual General Meeting, shareholders received a bus and rail ticket and were able to use velotaxis.

2,200

The Bank arranged for trees to be planted in Panama to offset the carbon emissions associated with the Annual General Meeting.



250,000 km

In 2010, air journeys were avoided by switching to rail travel. A separate incentive system for employees was created to achieve this.



2,400 t

CO₂ emissions have been avoided by using district heating for the buildings in Frankfurt.

82%

The switch in exterior lighting from incandescent bulbs and fluorescent lamps to LEDs has generated savings in electricity.



Offset for unavoidable carbon emissions

Commerzbank has set itself the goal of ongoing incremental action to offset its unavoidable greenhouse gas emissions. Suitable action plans are being drawn up centrally in conjunction with the Center of Competence Renewable Energies (CoC RE) and the Emissions Trading unit. One of the most recent projects was, for example, the carbon-neutral Annual General Meeting in 2011, at which shareholders, as key stakeholders in the Bank, could see for themselves the commitment of the Bank to the environment and climate protection – including in their travel to and from the meeting. Commerzbank provided a web platform to help attendees plan their trips as efficiently as possible in terms of CO₂ emissions. Shareholders also received tickets for public transport and used a velotaxi shuttle service. Climate protection also underpinned the approach to catering at the Annual General Meeting: to help cut carbon emissions, regional and seasonal food was served. Furthermore, the Bank used environmentally friendly promotional materials and pens made from

recycled materials to illustrate that simple things can be done to make sure that we take a greener approach, even in everyday activities.

Commerzbank offset unavoidable carbon emissions associated with the Annual General Meeting by purchasing and retiring emission certificates from a climate protection project in Panama, in which brownfield sites and former cattle pastures are reforested (see page 52). At the same time, the Bank was therefore also able to set an environmental example in the UN International Year of Forests. The 508 tonnes of carbon emissions caused by the Annual General Meeting equates to a forested area of approximately two hectares. In order to remove these emissions from the atmosphere again on a permanent basis, an area of land in Panama of the requisite size was replanted on a sustainable basis with 2,200 indigenous mixed forest trees. The project is the first climate protection reforestation project to have satisfied the recommendations of the WWF for CO₂ forestry projects and at the same time to have received multiple certification: under the FSC standard for environmentally and socially sustainable forestry, >

"Tropical Mix" reforestation project in Panama

In the "Tropical Mix" climate protection project, brownfield sites in Panama are replanted to become mixed forest, primarily comprising indigenous types of trees. In order to grow, the trees break down carbon dioxide and then store and absorb the carbon on a permanent basis. In this way, the trees can therefore offset carbon emissions caused somewhere else on the planet, for example at the Annual General Meeting of Commerzbank. Forests established using this method are a kind of natural dumping ground for CO₂ for the disposal of unavoidable carbon emissions.



under the offset-related CarbonFix Standard for transparent and effective offsetting of CO₂ emissions and under the Climate, Community and Biodiversity Standard (CCBS) for a positive impact on biodiversity, water and habitat protection, and on local communities.

Products and services

Commerzbank is continuously expanding its range of products and services that make some contribution to the protection of the climate:

- Funding of renewable energies by the Center of Competence Renewable Energies (see page 46)
- Environmentally oriented investments, such as solar funds (see page 24)
- Low-interest loans from the KfW development bank for energy efficiency improvements to property (see page 25)
- "climate:coach" – a combination of financial and climate advice that helps businesses realise potential energy savings and cut CO₂ emissions from processes and products
- "SolarLight" – "lean" funding for solar power plants at SMEs requiring an investment of €250,000 or more (see page 16)
- Emissions trading (see page 53)

Communication on climate protection

Commerzbank is in constant communication with its stakeholders to heighten awareness of the climate change and environmental protection issues in its operating environment. During the summer of 2011, the Bank launched a sustainability portal on the internet to provide the general public with comprehensive information on sustainability issues and the Bank's commitment to climate protection. The portal can be accessed

at www.nachhaltigkeit.commerzbank.de. Information is also regularly made available to the Bank's own employees via the company intranet and "Commerzbanker", the employee magazine. This information may, for example, take the form of a feature on the Bank's climate expertise or an environmental quiz. In this regard, the Bank sees itself as an opinion former able to influence and encourage employees to take a sustainable approach to their lives outside the confines of their job.

In addition, Commerzbank maintains a dialogue with other players in the world of politics, business and environmental protection. It is a committed participant in the Carbon Disclosure Project, a not-for-profit organisation established in London in 2000 to create more transparency in the disclosure of greenhouse gas emissions. It is also a long-standing partner in "Finance forum: climate change", an initiative from the German Federal Ministry of Education and Research, and participates in the latest events organised by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, including for example the "Climate and finance action week". The Bank uses series of events such as "Commerzbank in dialogue" to discuss climate-related issues with German Environment Minister Norbert Röttgen, representatives from the major energy suppliers and non-governmental organisations, a recent topic having been, for example, "Emerging into the new energy age – is Germany on the right path?". It is also involved in a series of discussions run by the Environment Ministry in the state of Hessen entitled "Climate change and banks" and in the corporate environmental policy, biodiversity and climate change forums of the German Association for Environmental Management and Sustainability in Financial Institutions (VfU).

“We are worried about a distortion of competition”

From next year, an intercontinental flight via Frankfurt will in certain circumstances be subject to higher costs than a trip via Dubai – the reason is European emissions trading. Stefan Mast, Head of Financial Projects at Lufthansa, therefore makes the case for uniform global rules.



Stefan Mast Head of Financial Projects,
Lufthansa AG

“From 2012, the aviation industry will be integrated into the emissions trading system. As a consequence, Lufthansa will also have to deal with new challenges. We already attach a huge degree of importance to the issue of sustainability. Our commitment is demonstrated by our involvement in a large number of projects and initiatives, a recent one being a project to use biofuels in commercial aviation for the first time. We have carried out thorough preparations in good time for emissions trading. This is definitely an important move, providing that it is implemented globally. However, we have some criticism of the inclusion of aviation in emissions trading, specifically in the way that this is being carried out in Europe. First, the rules are extremely bureaucratic

which means that a great deal of time and expense is involved in implementation and compliance. Secondly, it is not easy to draw a picture that describes the complexity of the European emissions trading system. For example, under the definition in the European Union Emissions Trading System (EU ETS), the Lufthansa Group comprises 17 airlines reporting to seven different national regulatory authorities. These authorities apply different interpretations of the EU directives, and in some cases the differences are significant.

Emissions trading may lead to a distortion of competition with a detrimental effect on European airlines. For example, intercontinental flights via European hubs will be subject to the imposition of ETS costs on both legs of the trip, whereas journeys via other hubs, Dubai for example, will not be subject to any additional costs at all. To this extent, emissions trading will make flights more expensive. The Lufthansa Group expects the costs to be between €150 million and €350 million in 2012, rising each year thereafter.

Highly efficient external partners such as Commerzbank can provide us with a great deal of support in emissions trading – particularly in the purchasing of certificates of course, because carbon trading markets are a completely new area of activity for Lufthansa. Of specific importance are expert market reports that, for exam-

ple, set out the reasons for price differences from year to year or explain pricing drivers. It goes without saying that, on a day-to-day basis, we will need fast, competitive price quotations.”

Carbon trading to protect the climate

The EU Emissions Trading System is an environmental policy tool with the objective of abating emissions of greenhouse gases at the lowest possible cost to the economy. In order to achieve this abatement, such emissions are defined as goods subject to a charge. Energy-intensive businesses receive a fixed amount of rights for a defined period in the form of emissions allowances.

The business responsible for the emissions can then decide whether it is going to attempt to reduce the volume of harmful emissions by technical means or whether it is going to buy surplus permits or certificates on the market in order to meet its obligations. If a business has surplus emissions allowances, it can sell these allowances to another business that does not have sufficient allowances itself. The market that has arisen as a result of this trading in CO₂ allowances has now reached a volume of around €100 billion and will continue to increase in size – not least because aviation is going to be included in the regulations from 2012 onwards. The aviation industry is facing an entirely new set of challenges as a result (see the comments by our guest contributor).

Since the start of emissions trading, Commerzbank has been an active player in this market and, among other things, completed the world's first ISDA-documented EU allowances transaction in June 2004 and the first aviation allowances transaction in September 2011. The Bank advises its customers on emissions risk management and trading.



Team spirit and performance – out on the pitch too

Commerzbank is particularly enthusiastic about promoting women's and girls' football. Things that really count out on the pitch are team spirit and performance – values that also count at Commerzbank. In 2010, to bring on young talented footballers, and to generate some enthusiasm ahead of the Women's World Cup later in the year, the Bank invited young players to take part in training sessions with Birgit Prinz, the captain of the German national team at that time. In 2011 the Bank also joined the "Girls Wanted" scheme, an initiative that aims to encourage girls from different cultures and different social backgrounds to come together on the sports pitch.



Enthusiasm for women's football

It was “the” sporting event of the year. From 26 June to 17 July 2011, Germany played host for the first time to the FIFA Women's World Cup. Once again, it was “a time to make friends” and Commerzbank was right in the middle of it. As an Official Supplier, the Bank made a key contribution to helping Germany celebrate a huge festival of football for a second time following the FIFA World Cup in 2006.

➤ It again became very clear that sport brings people together. It awakes passion, team spirit and encourages high performance. This very much applies to Germany's top team sport, football. Time and again, the FIFA Women's World Cup 2011™ in our own country demonstrated the power of football to play a social role and act as an integrating influence. For many years now, Commerzbank has been supporting German football on a long-term basis as part of a comprehensive commitment to mass-participation sports: as a premium partner of the German Football Association (DFB), holder of the naming rights for the Commerzbank-Arena in Frankfurt and shirt sponsor of 1. FFC Frankfurt, the most successful women's football club in Europe. This is because team spirit and performance are values that are very much at the core of the ethos at Commerzbank. The Bank is particularly enthusiastic about promoting women's and girls' football, having been a genuine pioneer in this regard with support for the sport well before the general wave of popularity. It has sponsored 1. FFC Frankfurt since 2005 and has been an official premium partner of the German national women's football team since 2008.


The high point of this commitment to date has been the FIFA Women's World

Cup 2011™. Commerzbank is a contracted Official Supplier to this event until the end of 2011.

As an Official Supplier, it supported the tournament at a central level. In October 2010, i.e. in the run-up to the tournament, the Bank organised a training day for 40 talented girl footballers in order to give a boost to these women footballers of tomorrow and to stimulate interest in the tournament within Germany itself. Birgit Prinz, three times Women's World Player of the Year and captain of the German national team at that time, together with other members of the national team trained with the girls, offering them valuable professional tips and tricks on the way. Following the success of this event, another 26 girls were given an opportunity to improve their footballing skills under the watchful eye of Birgit Prinz at an additional training day organised by Commerzbank in December 2010. Since May 2011, the Bank has been devoting further efforts to encouraging young female footballing talent in a partnership with the “Girls Wanted” initiative. Under this initiative, girls of different ages and from different cultures and social backgrounds come together to train with professional footballers and experience the unifying power of sport.

Official supporter of the volunteer programme

Commerzbank also helped to ensure that the organisation of the FIFA Women's World Cup 2011™ was a big success in its role as official supporter of the volunteer programme for the tournament. This programme, under the auspices of German Families Minister Dr Kristina Schröder, was a key component of the tournament organisation. Approximately 3,000 volunteers helped the employees of the organising committee prepare for and hold the tournament in the nine host cities. The Bank promoted the project in various areas and at different stages. Efforts focused on recruiting, training and developing the skills of the volunteers. The Bank actively encouraged employees and customers to support the event as volunteers. Well over 1,000 people answered the call and applied through the Bank to become a volunteer. Commerzbank assisted the skills development aspects of the programme by contributing to the construction of an e-learning portal, providing training locations and supporting volunteers with foreign languages. Other organisational and logistical support was included in the range of services forming part of the Bank's overall commitment.

 www.fussball.commerzbank.de
www.girlswanted-soccer.de

“Business can learn from sport”

Since the beginning of September, Steffi Jones, president of the organising committee for the FIFA Women’s World Cup 2011, has headed a newly created directorate for women’s and girls’ football at the German Football Association (DFB). In this role, Steffi Jones – who won 111 caps for Germany – is setting a course for the future success of German women’s football. She also promotes the sport at an international level as an ambassador for UEFA, the parent body of European football.

> Ms Jones, previously you led the defence of the German national team, now you lead a DFB directorate and manage employees. What did you learn on the field that you can carry over to the office?

It is a question of finding a good level of interaction between everybody’s strengths – this applies as much in an office job as it does in sport. To be successful, you have to encourage people who have a certain amount of confidence in themselves and will take on responsibility. The people who helped my advancement were well aware of this and I would like to make sure that I take the same approach. If you ask me, business can learn some lessons from sport, particularly if companies intend to have more women in management positions. This became clear to me when I was the patron for the Commerzbank study as part of the “UnternehmerPerspektiven” initiative.

Sadly, the German national women’s football team did not become world champions in 2011. What does the future hold for women’s football in Germany and Europe?

The World Cup generated a wave of enthusiasm and, here at the DFB, we need to make the most of this mo-

mentum. UEFA wants to promote women’s football in countries in which the sport is still very underdeveloped. That will form a substantial part of my job as an ambassador. We are now in a position to make a lot of things happen!

The new world champions are Japan, the surprise team of the tournament. What conclusions do you draw from this?

The outcome shows that most of the teams in the World Cup were playing at a similar high level. In a tournament like this, any one team can beat any of the others, as the German team rather painfully discovered. I do not begrudge the Japanese one drop of their victory. I was really impressed how the entire country was overjoyed finally to hear some good news again. The tsunami and the nuclear disaster at Fukushima have had a serious impact on Japan – many now hope that the success of the women’s football team will inspire the whole country.

You say that you can now make a lot of things happen. Do you get everything you need from DFB and UEFA? What role is played by sponsors?



Steffi Jones has good reason to smile: as a UEFA ambassador, she can promote her sport on the international stage

The individual associations invest as their resources allow. Without the commitment from our partners, many things would not be possible at all – or would have to be scaled down somewhat. Of course, Commerzbank was the pioneer in promoting women's football. Very early on, the Bank decided to back the sport at grass-roots level, not just the professional sport, such as the national team and now the World Cup.

You get involved in social projects and you have received a number of awards for this work. What you want to do next in this area?

I find the combination of a commitment to sport and working on behalf of social causes to be particularly appealing. For example, I am the patron of an initiative called "ballancehessen" which aims to promote integration and tolerance through sport. The DFB is supporting the project; the sponsors also include regional interior ministries and the regional state offices for political education. I am also certain that I can expand my commitment at an international level. On the World Cup welcome tour we visited a social project in each country and I am sure that we can build on this.

We like to think that sport has a positive social impact. How do you see it?

Particularly in a team sport like football, values such as partnership, fairness and of course performance play a key role. As I have already mentioned, I personally learnt a great deal on the pitch that I have been able to carry over into my current work. Now I intend to make sure that large numbers of girls and young women discover football and have access to the same opportunities. Society as a whole benefits from this, of that I am absolutely sure



Steffi Jones

Born in 1972, has been playing football since she was four years old. As a professional, she played mainly for 1. FFC Frankfurt. As a member of the German national team, she won three European Championships and two Olympic bronze medals. The crowning moment of her career was when Germany became world champions in 2003. Her autobiography "Der Kick des Lebens" (The kick of life) was published in 2007.



Society: Patronage of the arts

“Model collaboration”

Commerzbank and the MMK Museum für Moderne Kunst (MMK Museum for Modern Art) in Frankfurt share a particularly special relationship. This relationship has become even closer over the past year.



Commerzbank endowed the museum with prestigious works on permanent loan and a donation of €1 million from the proceeds of the auction of Alberto Giacometti's sculpture "L'homme qui marche I". MMK director Dr Susanne Gaensheimer on the fruitful collaboration between two institutions that would appear to be very different at first glance.

Dr Gaensheimer, the MMK Museum für Moderne Kunst is one of the world's foremost museums for contemporary art. How important are the permanent loans and the donation from Commerzbank for the museum?

The museum essentially has two main objectives: continuous expansion of its collection and visual arts education. The support we have received from Commerzbank feeds directly into these two areas. The Bank has permanently loaned works from renowned contemporary artists, such as Dan Flavin, Morris Louis, Tobias Rehberger and Michael Beutler. This has enabled us to fill in gaps in our collection and add significant items to various groups of works. In doing so, Commerzbank has extended the outstanding collaboration the mu-

seum has enjoyed over many years. For example, Katharina Fritsch's "Tischgesellschaft" has been on permanent loan to us since the MMK opened and is now so much part of the museum that, in the eyes of many visitors, it is our star attraction. The generous donation of €1 million enables us to initiate and extend forward-looking, long-term projects in the areas of visual arts education and restoration. The commitment from Commerzbank is therefore not simply a really effective way of promoting the arts, it is also, in the form of support, a groundbreaking example of public-private partnership.

MMK intends to use this donation to establish a foundation for sustainable museum work. What do these plans involve?

The objective of the foundation will be to strengthen the restoration and visual arts education work in the MMK over the long term and ensure this work continues in the future. Increasing numbers of children and young people are becoming interested in contemporary art and what it has to say. The provision of an understanding and appreciation of this art, together with the promotion of critical analysis of current approaches taken by artists, is one of the major tasks undertaken by the museum at the moment – a task that will continue

"We understand an encounter with art as a process of learning and enquiry, regardless of age or educational horizon."





to be undertaken by the foundation in the future. As I see it, our top priority in this regard is to create a visual arts education office, something that we have not had in the museum to date. However, we first have to overcome a whole host of organisational, bureaucratic and legal obstacles before the foundation can begin the actual work it is intended to do. This is the stage we are at currently.

You have just referred to the growing importance of visual arts education. What other responsibilities does a museum education department have nowadays?

Art is there to be perceived and discussed. You cannot do this just with a quick glance. It is more a question of getting to grips with what you have seen and letting yourself become fully involved with it. This is where our participatory, art education concept comes in. We understand an encounter with art as a process of learn-

ing and enquiry, regardless of age or educational horizon. It is important that there is a combination of guidance, examination of the original and your own creative work. There are a multitude of different ways in which this learning and involvement with art can take place: you can talk about it, write about it, research it, ask others about it or use it as a stimulus for your own creative activities. The critical aspect of any visual arts education work with children and young people is to awaken creativity – and this is precisely where we start. If I can give you an example: at our “MMK Nano” events, we help children aged between four and six explore the museum. They experience art using the full range of their senses and can experiment with their own creative skills. Our aim is to inspire and foster curiosity, creative activity and a thirst for knowledge. >

 www.mmk-frankfurt.de/en

Die Tischgesellschaft:

model for patronage of the arts

In 1997, a famous work of art by Katharina Fritsch, “Die Tischgesellschaft”, emerged to become the model for a special event held by the friends of the MMK Museum für Moderne Kunst. Once a year, a group of people meets for a dinner at the MMK, the aim being to generate financial assistance for the museum. The number of participants is based on Fritsch’s piece: 16 hosts invite 16 guests. The circle of supporters makes donations to support particular projects at the MMK. The dinner has now become well-known outside Frankfurt as a model for generating support for the arts based on patronage.



When you have institutions like a bank and a museum that are so different, how do you manage to collaborate with each other? Do you understand each other?

The institutions are really not that different at all in my opinion. We each operate in different areas but the key criteria for long-term success in the marketplace are similar. In both cases, we have to make sure we do not disappoint the people who have put their trust in us. The different ways of working complement each other perfectly.

“A bank and a museum are really not that different at all. Both must maintain the trust that people have placed in them.”

For many years now, the Jürgen Ponto Foundation has been supporting the exhibition programme at our satellite exhibition site, MMK Zollamt (see page 64). Collaboration of this nature is only possible over a longer timescale if both sides learn from each other and understand each other.

Where do you think the MMK should go over the next ten years? What role will the loaned works and donations we have just discussed play?

Our objective is to continuously extend the collection at the MMK and to make use of different exhibition formats and media so that the works remain exciting and varied. We are a municipal institution and do not have any purchasing budget. Therefore, donations, gifts, works on long-term loan and collaborations with private and commercial collectors and collections are extremely important to us. The huge amount of support from many of the citizens of Frankfurt for various initiatives to promote the MMK – which enabled us to set up the collection in its current form in the first place – is also important. A particularly special fundraising project at MMK, known as “die Tischgesellschaft”, is named after Katharina Fritsch’s work of the same name, a work that marked the start of the partnership between Commerzbank and the museum in 1991.

Groundbreaking partnerships

Commerzbank is involved in a large number of public-private partnerships, supporting art as well as other branches of the arts. In the past year, the Bank has continued to expand its collaborative activities with museums.

➤ In the lobby of the Commerzbank head office, a captivating interplay of light and colour attracts the eyes of visitors towards a huge artwork. The famous coloured fleece, a work by Frankfurt artist Thomas Emde and covering an area of 12 metres by 17 metres, was installed in 1998. Light and colour are at the heart of the artist's work. At the turn of the millennium, he bathed the facade and gardens of the transparent tower in artificial yellow light. With this creation, Emde not only produced one of the landmarks of the Frankfurt night sky, he also vividly encapsulated Commerzbank's understanding of art. Martin Blessing, Chairman of the Board of Managing Directors, agrees: "Art and arts education must be accessible to the general public."


Commerzbank has long been particularly concerned to support art, not least within the Bank itself. For example, it allows upcoming artists to use the plaza in the Commerzbank tower as an exhibition area. In addition, Commerzbank's 136 metre high Gallileo art tower houses recent works by artists who have received support from the Bank's various charitable foundations. The Bank also regularly participates in selected events with its own specially commissioned projects and frequently offers art and architectural tours to the general public.

Works on permanent loan and donations

Commerzbank has significantly expanded its collaborative activities with museums over the past year. This was brought about by the reorganisation of the collection of art held by the former Dresdner Bank. Almost

100 outstanding works of art have now been permanently loaned to museums in Berlin, Dresden and Frankfurt. Moreover, Commerzbank has also donated €1 million to each of the museums to be used for museum education and restoration work.

The items made available to the National Gallery in Berlin include works by Franz Ackermann, Ilya Kabakov and François Morellet. In Dresden, the Dresden State Art Collections received works by artists such as Per Kirkeby, Henry Moore and Richard Paul Lohse. The Städtische Galerie, which has a regional focus in its collection, accepted works by Ulf Göpfert, Stefan Plenkers, Franz Ackermann and others. Outstanding works from the collection of the former Dresdner Bank were also allocated as permanent loans to institutions in Frankfurt. Works by Andy Warhol, Henri Laurens and Paul Klee went to the Städel Museum. The MMK Museum für Moderne Kunst also received renowned works by contemporary artists.

 www.commerzbank.com
> About us > Corporate
Citizenship

www.commerzbank.com
> About us > Foundation
Centre



*"Art and arts education
must be accessible to the
general public."*

Tradition stronger than ever

The foundations and their many and varied activities are an active embodiment of Commerzbank's social responsibility. The objective they pursue is to make a lasting contribution to the development of society.

➤ At the start of 2010, Commerzbank merged its foundations and those of the former Dresdner Bank into one foundation centre, thereby establishing an important basis for even greater sustainability in its commitment to education, art, the wider arts and social causes. The foundations have total assets of some €100 million. The individual foundations will continue to operate independently under the umbrella of this foundation centre.

Commerzbank Foundation

Commerzbank Foundation was established in 1970 to mark the hundredth anniversary of what is now the second-largest bank in Germany. Since then it has supported not-for-profit organisations and a large number of initiatives. The Foundation's objection was defined in deliberately broad terms so that the Foundation could be involved in all areas of not-for-profit activity in Germany. The range of support offered by the Foundation covers education, art, other branches of the arts and social causes. The Foundation has capital of around €58 million. Projects currently being supported include the retrospective of the German artist Max Liebermann at the Kunsthalle in Hamburg, a long-term commitment to German universities and support for SOS Children's Villages.

Jürgen Ponto Foundation

The Jürgen Ponto Foundation is named after the former Chairman of the Board of Managing Directors of Dresdner Bank. It was established in 1977 as a result of a joint initiative between Ignés Ponto and Dresdner Bank. Jürgen Ponto had lost his life in

The foundations have a total capital of over €100 million.

July of the same year in an attack by the Red Army Faction terror group. The Foundation is in memory of Ponto's commitment to young artists. It provides support for young talent at the start of a career in the areas of music, literature, performing arts and visual arts. The endowment capital amounts to €11.8 million.

Dresden Cultural Foundation of Dresdner Bank

This foundation, established 1991, reflects the close links between the former Dresdner Bank and the city of Dresden where the bank was originally formed in 1872. The Foundation supports the arts, municipal

construction projects and science with the object of maintaining the cultural identity of the city and its aura as a major European cultural centre. It also actively supports aesthetic arts education in Dresden. Since it was set up, the Foundation has distributed more than €11 million in support of its objectives and functions. The assets of the foundation amount to €7.7 million.

Charitable Foundations

Commerzbank's six charitable foundations provide financial assistance for the Bank's employees, retirees and their families who find themselves in need through no fault of their own. Support from the Bankdirektor Amandus de la Roy Foundation (established 1945), the Meier-Bruck Foundation (1970), the Alfred-Prahm Foundation (1994) and the Hugo Zinsser Foundation (1970) is available throughout the Bank. The Max-Grunow Foundation (1986) supports trainees at Commerzbank Berlin. The Charlotte Seibold Foundation (1973) offers assistance to the Bank's retirees in the Freiburg area. The foundation endowment in each case is derived from the estate of former high-ranking employees of Commerzbank and Dresdner Bank. The charitable foundations have a total capital of some €20 million. ||

Transparency – not only “for the record”

Transparency Germany (Transparency International Deutschland e.V.), the German arm of Transparency International, is a politically independent, not-for-profit organisation. Its objective is to raise public awareness of the damaging impact of corruption and to strengthen national and international integrity systems.

Mr von Hauenschild, as a board member of Transparency Germany, you are more familiar than most with the anti-corruption activities reported by major German companies. What sort of changes have you seen in this regard over the last ten years?

I have observed that two categories of risk, the risk of corruption and the risk of price-fixing, are now finally high up on the list of corporate risks that need to be controlled. Control bodies such as supervisory boards and advisory boards are now enquiring into the implementation and efficiency of compliance management systems (CMSs). However, the reality is that not every CMS is fit for purpose. The primary problem is inadequate prevention. Critical pre-screening of customers and suppliers under a zero tolerance approach to corruption – and this includes the involvement of agents and consultants – still comes up against significant resistance from market-facing employees. Considerable effort and expense is involved, but neither customers nor suppliers are particularly enthusiastic about this work. If companies have to withdraw from markets because the risk of corruption is too high, this can be a bitter pill to swallow. However, if companies are serious about having credible, efficient compliance management systems they must apply this effort and expense in the prevention phase. It is negligent and therefore

unacceptable simply to rely on personnel in a specific situation resisting any corruption attempt.

Is it mainly that the information has become more transparent and more detailed, or have you noticed any changes in business conduct?

Clearly, businesses are now reporting in more detail on their compliance management systems – and they are doing so based on reporting lines and number of employees. Nevertheless, such systems are never a definitive finished article because business environments are constantly changing. Therefore, reports on a company's experiences with the introduction of a compliance management system and on subsequent modifications would be a key factor in enhancing the credibility and efficiency of their overall compliance organisation. Slowly but surely, an increasing number of

businesses are also prepared to become involved in collective action for the prevention of corruption. In Moscow for example, approximately 50 German and Russian companies have made a joint stand, stating that in future they will pay neither bribes nor kickbacks.

Public confidence in the financial sector has taken a huge blow in the last few years. How important do you think transparency, accountability and integrity will be in winning back this confidence?

I think that banks will have to look for even more creative ways out of the crisis of confidence. It is dangerous to rely on “big financial market reform” alone. Disclosure, for example of the private customers value chain with product managers, suppliers, bonus and control systems, together with customer risk profiles, would be a useful contribution to increased transparency and



“Conflicts of interest can be resolved with transparency, accountability and integrity.”


Caspar von Hauenschild Board member Transparency International Deutschland e.V.

accountability and, not least, could also be a genuine alternative to the plethora of documentation demanded under statutory solutions. In my opinion, a bank that does all this and is in a position to demonstrate a new sustainable management culture will be the first one to find a way out of this crisis of confidence because this bank will also be clearly demonstrating the integrity of those people in positions of responsibility.

In your view, what are the major future issues in business ethics and statutory compliance in corporate management?

The Munich-based moral theologian, Trutz Rendtorff, once said, “Ethics are the result of consensus; however, the substance of ethics is conflict”. In the case of banks, conflicts of interest are intrinsic to the system. Conflicts of interest can be resolved however with a high degree of trans-

parency, genuine accountability and lasting integrity, but these requirements are not met simply by passing around a few codes of conduct. Future issues for banks will therefore be the new hard facts: the need to demonstrate a sustainable management culture, into which they will have to integrate the latest, advisory compliance management system. **II**

 www.transparency.de/en

“No opportunity for corruption”

At Commerzbank, the resolute fight against corruption forms an integral part of our sense of values and business strategy.

> We understand corruption to mean any misuse of a post or position of authority to gain an improper personal or commercial advantage. The Bank’s Board of Managing Directors has adopted a zero tolerance approach to business practices of this nature: we will get to the bottom of any identified corrupt activities without exception and regardless of the status of the people involved. Depending on each individual case and the seriousness of the wrongdoing, the people concerned can expect criminal proceedings by the authorities as well as action against them under employment and civil law.

In mid-2011, we published an Anti-Corruption Policy once again restating our unambiguous “No” to bribery and corruption. The policy sets out clear statements in this regard providing our employees with guidance throughout the world. Employees have to know what is permitted in day-to-day activities and in relationships with customers and suppliers, and where we draw the line.

The Bank is a member of Transparency International and needs to act as a model for others. We are therefore making a significant investment in prevention. In a proactive plan of action, we are identifying processes that may be particularly susceptible to fraud and corruption throughout all the Bank’s units, segments and functions and are applying systematic controls to these processes. We also intend to involve our business partners in our anti-corruption activities. We are including integrity clauses in contracts with our partners, thereby agreeing with them joint action against bribery and corruption. We also obtain detailed background information on customers in accordance with the principle of “know your customer” – this applies worldwide to all customers and is without exception. If there is any suspicion of corruption, a special investigation is carried out into the business relationship and this can lead to the termination of the relationship.



Oliver Jost Divisional Board Member for Group Compliance

As a major international bank, we operate in a complex, dynamic environment. This means that we have to repeatedly review anti-corruption structures and processes and adjust them in line with the latest requirements. This applies particularly if we want to actively provide banking services in new countries, specifically emerging markets. In this way, we will protect our integrity and trustworthiness – prerequisites for the long-term success of the business. **II**

Basis of the business: integrity

Integrity and trustworthiness are the basis of Commerzbank's business. Lawful, proper, economically successful activities maintain and reinforce this basis. The Bank therefore takes all necessary action to ensure compliance with the law and other regulations, to guarantee responsible, transparent corporate management and control, and to anticipate and counter all risk.

Compliance

Commerzbank is a global financial service provider and considers observance of the law and adherence to guidelines, market requirements and internal standards – together referred to as “compliance” – to be the basis of responsible conduct and an integral part of its business activities. Infringements of laws and regulations may not only lead to legal disputes and financial sanctions, they may also jeopardise the reputation and even the stability of the group.

The steadily increasing complexity and frequent changes in national and international laws and regulations create specific challenges. The Bank meets the challenges by constantly developing and adapting its structures and processes. Our compliance activities focus on preventing and combating illegal activities, such as money laundering, the financing of terrorism, insider trading, fraud and corruption within our business activity environment, and on adhering to existing sanctions and embargoes.

Effectiveness through independence

The Compliance unit sees itself as the “guarantor of responsible, business-oriented conduct” by the Bank. The task of the Compliance unit is to monitor the Bank's compliance with regulatory provisions, capital market requirements and internal regulations. The unit is independent from the Bank's operating units and, within the scope of its responsibilities, cannot be instructed to take any particular course of action. This ensures that the unit can fulfil its functions effectively. The responsibilities of Compliance are, among other things, to provide comprehensive advice to the other business units, draw up the compliance risk strategy, prepare the annual groupwide compliance risk assessment, carry out the risk analysis and monitor risk-mitigating action and its efficacy in day-to-day business. Within this area, Commerzbank pursues a holistic approach encompassing risk-minimisation systems and controls related to the business, customers, products and processes.

The groupwide “risk analysis” forms the basis for the focus of compliance risk-minimisation systems. It systematically identifies, analyses and assesses compliance risk. In this regard, the central Compliance unit works in close cooperation with site compliance officers and compliance departments in subsidiaries. >

Comprehensive training

An important component of prevention activities is the mandatory training programme specified by the German Anti-Money Laundering Act (GwG) and the German Securities Trading Act (WpHG). The Bank uses web-based trainings to raise the awareness of compliance risk among its employees in each of their respective areas of responsibility. The topics covered include investment compliance, sanctions and embargoes in addition to the prevention of money laundering, fraud and corruption.

Focus on the fight against frauds

The Bank takes a preventive approach to corruption and other fraud-related crimes. This includes action to give employees clear direction. It is with this objective in mind that the Bank published a Global Anti-Fraud Policy in March 2010, an updated version of which came into effect in May 2011. The updated rules take into account tighter requirements introduced as a result of a change to the German Banking Act (KWG) and relating to the fight against “other criminal offences that could lead to a financial loss on the part of the bank”. The policy includes binding conduct guidelines for employees and specifies contact names to whom any information about fraudulent activity should be directed. For the purposes of implementing the policy, Commerzbank has set up an anti-fraud network of relevant contact persons in all the Bank’s segments.

In July 2011, the Bank additionally published a global Anti-Corruption Policy which sets out, in particular, the principles for preventing and combating all forms of corruption. This policy also serves to implement the requirements of the UK Bribery Act 2010, which applies both inside and outside the UK.

Guaranteed anonymity for whistleblowers

Anonymous information about corruption and other economic crimes such as theft, fraud or embezzlement can be submitted via an online system. The Business Keeper Monitoring System (BKMS) was introduced by Commerzbank in Germany in 2009 and since then has been extended to cover numerous other units throughout the world.

The BKMS rigorously protects the anonymity of the informant. There is no mandatory requirement for the entry of a name; it also offers the option of setting up an anonymous mailbox. The strictest of security standards mean that it is impossible to trace the informant. From a process perspective, anonymity is guaranteed in particular by restricting system access to a small number of employees and strictly applying the need-to-know principle.

Detailed risk analysis

Compliance risk (which includes the risk of fraud) is assessed and minimised on the basis of a risk analysis, which was carried out once again in 2010. All 72 units in the Bank were covered by this analysis, including subsidiary and branch units in Germany and abroad, and head office units. This risk analysis is based on a self-evaluation conducted by the units. For example, the 2010 risk analysis included three questions on corruption – among other things, the unit concerned had to assess the threat to the individual unit from this specific form of fraud.

Integrity as a contract component

Commerzbank is including integrity clauses in contracts with its business partners, as a result of which both sides undertake to prevent corruption and to inform each other of any instances of corruption. If there is any suspicion that an employee of a partner has committed an act of corruption, the Bank will in the first instance seek a meeting with the senior management of the partner organisation.

Commerzbank is a member of Transparency Germany and is therefore not simply under an obligation to comply with minimum anti-corruption standards (see page 65). The greater responsibility that comes with membership of this organisation means acting as a role model, fulfilling the requirements of the standards in exemplary fashion and pursuing a policy of continuous improvement. Membership of Transparency Germany allows the Bank to share information extensively with other national and international organisations, which in turn aids further development of the rules and regulations for combating corruption (see page 66).

Protection against money laundering

One of the core tasks of the Compliance unit is to satisfy statutory and regulatory anti-money laundering requirements. Commerzbank applies the know-your-customer principle in order to ensure the greatest possible transparency in business relationships and financial transactions: the Bank not only clearly establishes and documents the identity of the customer, it also clarifies, where appropriate, the origin of the funds being used in the business relationship or transaction.

Commerzbank continuously develops its money laundering prevention activities in order to keep up with changes in the various national and international regulations. For example, it has implemented the German Supplementary Anti-Money Laundering Act (GwBekErgG) and will shortly have to implement the German Act on Optimising the Prevention of Money Laundering; it will also have to monitor the impact of the US Foreign Account Tax Compliance Act which includes new standards for identifying the economic beneficiary.

By systematically applying the know-your-customer principle, the Bank avoids scenarios in which it could be misused for transactions aimed at financing terrorism. If any suspicious transactions are identified, the head office Compliance unit takes over the investigation and involves other units as required. This process would be followed, for example, if the Bank needed to examine whether a business relationship should be terminated.

The Bank exercises particular care in its efforts to combat money laundering and terrorist financing when dealing with transactions involving politically exposed persons (PEPs). PEPs are individuals who hold or have held important public offices, their direct families and other close associates. PEPs involve a heightened risk of being misused for illegal transactions. Before the start of any business relationship, the Bank carries out a global check in accordance with the know-your-customer principle to establish whether a customer should be classified as a politically exposed person.

Implementation of sanctions and embargoes


Commerzbank must also observe economic restrictions in its decisions on business policy. The Bank's Global Sanctions Policy sets out a range of principles in this regard. Specifically, the Bank commits to applying the stricter of any sanctions in the event that a number of different sanction provisions apply. The policy names countries particularly affected by sanctions and embargoes. If there are existing business relationships with such countries, the policy stipulates that action appropriate to the risk involved must be initiated. This action may extend as far as termination of the business relationship concerned. The policy also governs the procedure for handling transactions relating to countries affected by sanctions and embargoes.

Fair settlement in the event of conflict of interest

Global activities in different areas of business may give rise to conflicts if the business interests of Commerzbank are opposed to those of customers or suppliers. For this reason, the Bank has established a comprehensive system for managing conflict of interest to avoid potential conflicts or help the parties come to a fair settlement if any such conflict does actually arise. A special conflict-of-interest tool is used by the Bank to identify at an early stage any conflict of interest that may arise from particular transactions. The standardised procedure and the documentation also mean that decisions are transparent and can easily be tracked by independent third parties.

Compliant investment business

There were again further developments in the legal framework for investment business in the period under review. For example, substantial changes arose as a result of the "MaComp" circular published by the German Federal Financial Supervisory Authority (BaFin) in June 2010. MaComp stands for minimum requirements for compliance and the other conduct, organisational and transparency obligations under section 31 et seq. German Securities Trading Act (WpHG). In this circular, BaFin brought together all its interpretations to date regarding the good conduct obligations under WpHG and added new regulations. The items in this circular included specific details regarding the responsibilities and position of the compliance function in a business. Other new items included explanatory notes

 www.nachhaltigkeit.commerzbank.de > Governance > Compliance





www.commerzbank.com
> Investor Relations
> Corporate Governance
<http://annualreport2010.commerzbank.com>

Corporate governance

Corporate governance, i.e. responsible, transparent corporate management and control, amounts to more than just complying with the law. The German Corporate Governance Code includes recognised national and international standards for good, responsible corporate management and spells out the obligation of the management board and supervisory board to ensure the continued existence of the business as a going concern and to ensure sustainable value creation in accordance with social market economy principles. Commerzbank complies with nearly all the recommendations of the German Corporate Governance Code and only deviates from the code in a few instances where there is sufficient justification for doing so. Comprehensive details on corporate governance at the Bank ("Corporate governance report") can be found in the Annual Report 2010 from page 45 onwards and on the Bank's website.

on best execution. This module provides specific details on the criteria that banks must use to be able to determine the most suitable execution venue when executing customer orders.

At the start of 2011, BaFin began a review of the MaComp circular and initiated a consultation process. Commerzbank was involved in the further development of the investment business requirements as part of its role in various working groups within the Federal Association of German Banks (BDB). In addition, the Bank ensured that the new rules were implemented in its business without delay – in the best interests of customers. BaFin published the new version of MaComp circular 4/2010 (WA) on 14 June 2011.

Reputational risk management

Commerzbank is one of Germany's leading banks for both private and corporate customers and therefore has a particular economic and socio-political responsibility within its sphere of influence. Commerzbank respects both the demands and expectations of its various stakeholders and of society and assesses the extent to which these can be taken into account in its corporate decisions. In addition, the best possible perception of Commerzbank by the general public is fundamentally important to the reputation of the Bank and therefore to the success of the business.

An excellent reputation is affected by a large number of internal and external factors – and this also includes risk in day-to-day business, for example. This risk includes the risk of losses, declining earnings or a reduction in the Bank's enterprise value as a consequence of business transactions and/or customer relationships that erode the confidence that the public, media, customers, employees, rating agencies, investors or business associates have in the Bank. Reputational risk may arise separately or result from, or in addition to, other categories of risk (for example compliance, environmental, tax or legal risk).

Corporate responsibility at Commerzbank should not therefore be limited just to the management of CR issues and projects. Rather, the exercise of this responsibility should also primarily mean identifying possible environmental, social and ethical risk in the core business in good time and responding to this risk. Such sustainability risk is assessed as part of reputational risk management throughout the group and is incorporated into the group's overall risk strategy and control.

The Reputation and Sustainability Management unit, which forms part of Group Communications (see chart), assesses transactions and customer relation-

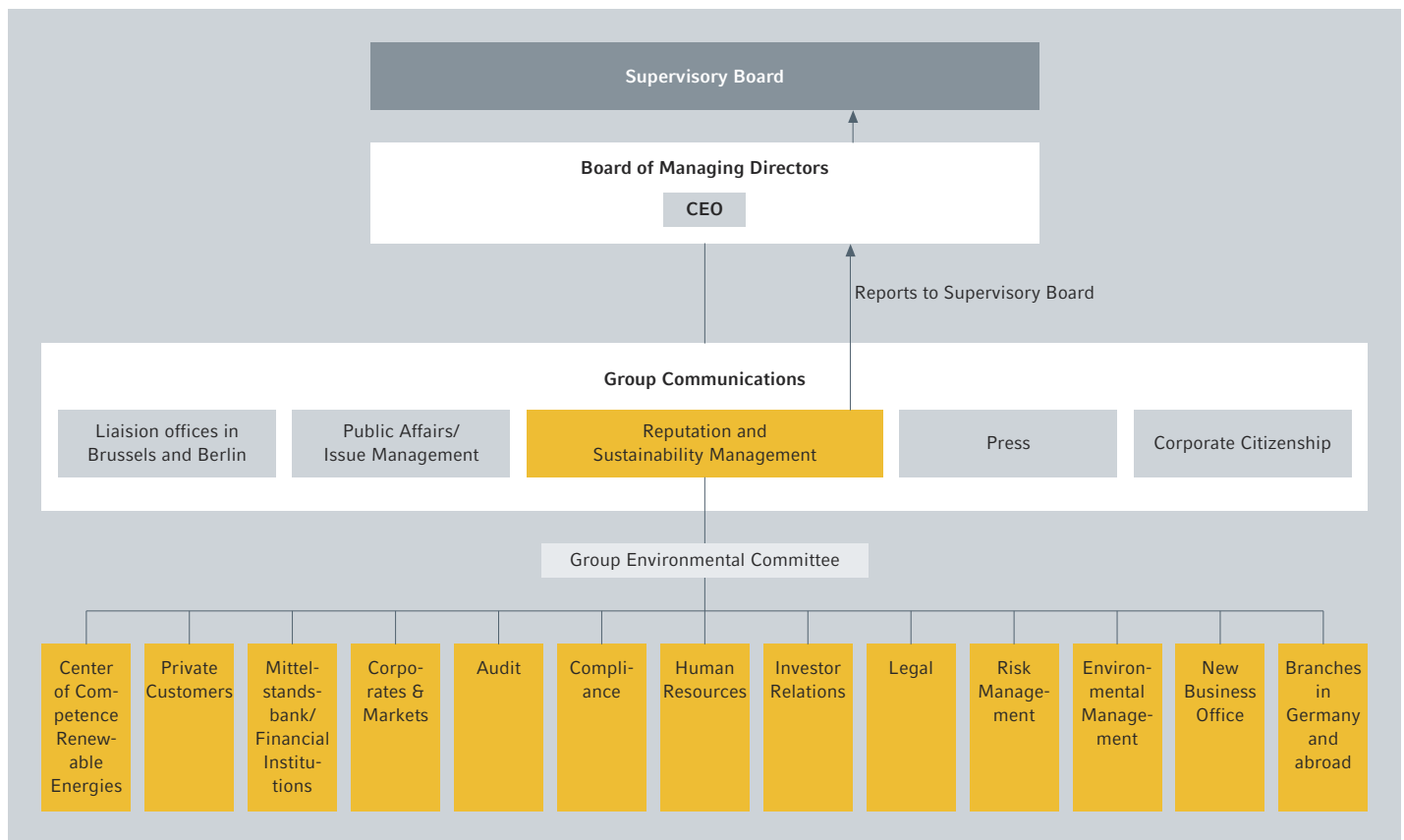
Risk management

It is inconceivable that Commerzbank's business could be operated without risk. The effective management of this risk is critical to the success of the business. This includes the identification of all material risks and risk drivers, independent measurement and assessment of these risks and then the use of this measurement and assessment for the purposes of risk-related and income-related control as part of a forward-looking risk strategy.

Within its overall business strategy, the Bank's Board of Managing Directors defines the risk strategy's limits for the development of Commerzbank's investment portfolio. The strategy safeguards the Bank's liquidity and capacity to bear risk by specifically limiting the risk resources available to the group in terms of capital and cash reserves. Detailed information on Commerzbank's risk management system can be found in the risk report within the 2010 Annual Report from page 161 onwards.

Commerzbank makes a distinction between quantifiable risk – i.e. risk usually measured in the annual financial statements or in the capital commitment – and a non-quantifiable risk such as reputational risk. Risk is defined as the risk of possible losses or lost profits as a result of internal or external factors.


Organisation of Reputation and Sustainability Management



ships on a case-by-case basis using a qualitative approach. To this end, the unit maintains close, regular contact with all relevant operating and head office units in the Bank.

This includes a review of compliance with the principles laid down in the UN Global Compact. The Bank's internal guidelines and policies are also applied – in particular those relating to human rights, armaments, conflict zones, fossil fuels, power generation, indigenous peoples, agriculture and forestry, mining and toxic substances. Following intensive research, an analysis is carried out; this is then followed by wide-ranging assessment which can go as far as rejection of the transaction or termination of the customer relationship. The focus in these activities is on corporate customer and interbank business.

Today, reputational risk management is an integral part of central business processes, particularly in the Mittelstandsbank segment – starting from an analysis of new customers through to annual renewal of facilities. Currently, decisions are taken on an average of 150 transactions or customer relationships each month. Around 10 per cent of cases are assessed negatively because of social, environmental or ethical factors. Quarterly reports are submitted to the Board of Managing Directors and the Supervisory Board covering the key reputational issues affecting the Bank.

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> Governance > Risiko-
management > Reputa-
tionsrisiko-Management

II

Corporate responsibility at major Group companies

comdirect Group: comdirect bank AG and ebase GmbH

Leading online banks for today's private customers and institutional investors

comdirect bank AG is the leader in the online brokers' market in Germany and the leading online bank for investors seeking a cutting-edge approach. Established in 1994, the company focused in the 1990s on online brokerage business. Today, comdirect offers a full range of banking services from three divisions: brokerage,



Stiftung Rechnen Promotion of mathematics skills

banking and advisory services. More than 1,5 million private customers bank with comdirect. The business-to-business sector at comdirect is covered by its wholly owned subsidiary, ebase GmbH, which offers independent financial product distributors, insurance companies and banks a platform for managing investment accounts and processing transactions. The companies comdirect bank AG and ebase GmbH together make up the comdirect Group.


Income-oriented growth and long-term economic value added

The strategy in the comdirect Group is based on income-oriented growth and long-term economic value added. The Group aims to continue to be profitable in the future, thereby enabling it to continue to grow: the forward-looking "complus" (comdirect) and "Fit for Future" (ebase) programmes seek to increase the number of customers and customer assets significantly.

The needs of the customer are at the core of the comdirect Group's activities. The bank is continuing to set great store by market research, customer feedback and research into trends and motivation in order to develop its tailored, groundbreaking products and services. In addition, it extended its service times in October 2010: comdirect is now available to customers 24 hours a day, 7 days a week.

In the period under review, the HR focus at comdirect bank was on managerial and team development. A specialist "manager adviser" function was recently introduced with the objective of adding yet another layer to the extensive support targeted specifically at managers. Since 2010, customer service employees have been able to sit an examination to obtain a certificate in "Financial services customer service" from the Chamber of Industry and Commerce, building on the "comahead" skills development programme. In 2009, the range of training options at comdirect was extended to include a combination of study and training/practical experience focusing on business informatics. With this option and the proven "comdirect graduates" management trainee programme plus the general training for banking assistants, comdirect is continuing its commitment to training the next generation of managers and employees.

Under the Employee Assistance Programme, comdirect offers its employees and their families a 24-hour telephone support hotline if they have concerns relating to their job or their lives outside work. The company also stepped up its "comfit" health initiative in the period under review, resulting in heavy demand from employees for fitness and nutrition courses in particular.

 www.comdirect.com
www.ebase.com
www.stiftungrechnen.de

In the period under review, ebase not only continued to develop its business model, it also undertook a major forward-looking strategic change from an environmental perspective by relocating to a new building. The new building complies with green building standards: it is connected to a geothermal installation and is equipped with passive cooling using groundwater. The conversion to thin clients in IT is also benefiting the environment: a thin client uses only around 10 per cent of the energy consumed by a conventional PC system.

Corporate social responsibility at comdirect, which focuses on the core business, is also intended to help secure the future sustainability of the business. comdirect brings together its corporate responsibility activities under the umbrella of “Stiftung Rechnen”, a foundation for the promotion of mathematics established in 2009 in a joint initiative with Börse Stuttgart AG. The core objective of Stiftung Rechnen is to promote enthusiasm for mathematics and the development of computational skills – as a basic requirement for understanding financial products and receiving balanced advice. In the period under review, Stiftung Rechnen and its partners initiated a large number of projects, such as the “Mathe4Life” corporate volunteers project, the “Mathe.Forscher” programme and the “Mathe macht das Tor” competition for schools. The bank has persuaded German Education Minister Professor Annette Schavan to become the patron of the foundation. A number of high-profile individuals in Germany, including, for example, award-winning chef Christian Rach and German international handball player Matthias Flohr, have made a commitment to become “mathematics ambassadors” for the foundation. Over the coming years, comdirect expects to see a continuous increase in the effectiveness of Stiftung Rechnen; to this end, the number and size of initiatives and projects is to be stepped up appreciably.

Selected key figures for the comdirect Group (comdirect bank AG and ebase GmbH)

	2009	2010
Total assets (€m)	9,785	11,040
Equity ratio (%)	45.5	43.0
Number of customers (million)	2,150,563	2,296,075
Number of employees	1,155	1,120
Assets under management (€m)	35,572	42,535
Number of PLUS instant-access deposit accounts	960,935	1,130,998



IULA winner 2009 Lettow-Vorbeck barracks redevelopment in Hamburg-Jenfeld

Eurohypo AG

Partner for the real estate sector

Eurohypo AG, which is also a company in the Commerzbank Group, is one of the leading providers of real estate finance in Europe. Its core activities are in commercial real estate finance, focusing on asset and development finance for offices, shops, logistics facilities, residential projects and business hotels, including associated derivatives in ten key markets in Europe and the USA. Eurohypo relies primarily on its most important funding tool, the *pfandbrief* (covered bond), for funding purposes. Eurohypo is one of the world's largest issuers of this traditional type of bond and is responsible for the entire Commerzbank Group in this regard. From the perspective of its customers, Eurohypo is a reliable partner able to respond rapidly and also offer sophisticated solutions for complex finance requirements.

Promoting quality in urban life

Eurohypo has packaged its social responsibility activities in a comprehensive corporate social responsibility concept and systematically linked this concept to its core business. It particularly concentrates on support for sustainable urban development and the accompanying enhancement of quality of life. The issue of the requirement for towns and cities that are fit for the future is increasingly dominating social, political and economic discussions and decisions. For this reason, urban design is one of Eurohypo's key concerns. In its role as a leading provider of real estate and public sector finance, Eurohypo considers it to be one of its responsibilities to promote and encourage further progress in sustainable urban development. >

Eurohypo AG is a member of the Urban Land Institute (ULI) and one of the founding partners in the Urban Investment Network (UIN) of the ULI. The UIN is an independent European network established by the ULI in collaboration with major cities and private enterprises in order to eliminate existing gaps in capital investment by fostering interaction between representatives from the public and private sectors, thereby promoting further development of urban environments over the long term.

The International Urban Landscape Award (IULA) conferred by Eurohypo is intended as an accolade for urban planning concepts for the social and economic integration of people within a city and its districts. IULA focuses particularly on construction that is energy efficient with optimum use of resources. In January 2010, Eurohypo presented the IULA for outstanding urban projects for the third time at an award ceremony held at the DAM (Museum of German Architecture) in Frankfurt am Main. Under its patron, Professor Klaus Töpfer, the former German Minister for Urban Development and former Executive Director of the United Nations Environment Programme (UNEP), the IULA was this year awarded to an urban development project in the Hamburg area: “New housing in Jenfeld – redevelopment of the Lettow-Vorbeck barracks in Hamburg-Jenfeld”. The jury of experts had particular praise for the comprehensive approach to urban development, which combined urban housing in a well-designed environment and attractive architecture with well-conceived sustainable energy and water supply systems.

Eurohypo prefers to focus its sponsorship activities on training and development: the bank supports a range of university bodies and in this way ensures, first, that knowledge relating to commercial real estate finance is fostered and disseminated, and secondly, that there is a steady flow of young executive talent with the requisite skills and training. The institutions in receipt of support include the Johann Wolfgang Goethe University Frankfurt am Main, the Institute for Banking and Banking Law at the University of Cologne and the International Real Estate Business School (IREBS) at the University of Regensburg. In the case of IREBS, the financial support has been accompanied for the last seven years by contributions from Eurohypo personnel in the form of guest lectures and teaching assignments.

The bank provides direct assistance via the Eurohypo Foundation. This foundation has assets of €5 million and uses the interest to support charitable and social institutions as well as activities and projects related to science and research, education, art and the arts in general. One organisation that the bank has already been supporting for a number of years is the “Schmetterling” project for the psychosocial care of cancer patients at the University Hospital Frankfurt am Main.

Eurohypo also rewards community work carried out by its employees as an indispensable contribution to shared social well-being. This commitment is supported with the “Community commitment” award, an award that is accompanied by a donation of €3,000 from the Eurohypo Foundation to the project nominated by the employee concerned. The winners of the employee awards in 2010 were “Big Brothers Big Sisters Deutschland”, mentors for children, and the “Verein gegen sexuellen Missbrauch, Wildwasser Kreis Groß-Gerau e. V.”, an organisation dedicated to combating sexual abuse.

Selected key figures for Eurohypo AG

	2009	2010
Total assets (€bn)	256.1	229.1
Tier 1 capital ratio under German Solvency Regulation (SolvV) (%)	8.6	10.4
Number of employees	1,407	1,278
Portfolio of commercial real estate finance (€bn)	75.3	72.1
Public finance (€bn)	129.1	110.6

BRE Bank SA

Corporate social responsibility activities at Poland's BRE Bank are focused on the promotion of entrepreneurship and on the provision of support for children and young people via the BRE Bank Foundation, the longest established corporate foundation in Poland. The foundation supports education programmes and furnishes assistance for social causes as well as cultural and arts projects. It sponsors the Business Plan competition, the largest of the competitions organised in Poland by "University Entrepreneurship Incubators (AIP)". The competition has now been run five times and a total of 3,700 business plans have been submitted, of which 50 have received awards; 15 submissions have won financial support from the funds of the BRE Bank Foundation. The award winners have also received a range of individual training opportunities. In the period 2009 to 2010, the BRE Bank Foundation donated PLN 5,500,000 to social causes.

Since 1992, BRE Bank has been running public seminars in conjunction with the CASE Centre for Social and Economic Research in Poland. In 2009 and 2010, the bank held twelve seminars at which it gave an insight into current topics and the difficulties in the financial markets. It also provides support for women entrepreneurs: for example, the bank organised a series of conferences entitled "Tomorrow belongs to women" for its women customers; it is also a partner in the "Success written in lipstick" project. As part of this project, the bank was involved over a period of three years in the first radio programme for women entrepreneurs. In addition, BRE Bank is joint organiser of the "Businesswoman of the year – SPS" competition.

In 2000, BRE Bank's online banking subsidiary, "mBank", established the "mCouncil", the first customer advisory council in Poland. The members of this advisory Council are elected via the bank's web forum for a period of two years. The "mCouncil" expresses an opinion on new solutions, consults customers on such solutions and is also a brand ambassador on the web.

BRE Bank also supports environmental projects as part of its business activities: for example, it is funding wind farms at Darlowo and Kobylnica. At the beginning of 2010 it also launched the "We play green" initiative for employees which led to a fall in the consumption of paper. In 2009, it initiated the BREmba



Environmental initiative for employees "We play green"

programme, a volunteering programme in which BRE Bank employees dedicate some hours of their leisure time to social causes, a total of 950 hours having already been donated by the end of 2010.

The health of employees is also a key concern of BRE Bank: BRE Bank employees have a choice of joining any of 19 different company sports groups.

The bank's corporate social responsibility is recorded in appropriate reports; BRE Bank is the first bank in Poland to have set out its CSR reports in accordance with the internationally recognised GRI method. The bank is widely regarded to be the leader in CSR reporting among Polish financial institutions and in 2009 received an award for best CSR report. BRE Bank is one of the 16 companies listed in the RESPECT Index on the Warsaw stock exchange.

 www.brebank.pl/en

Selected key figures for BRE Bank SA

	2009	2010
Total assets (€m)	19,722	22,736
Equity ratio (%)	11.5	15.9
Number of customers (million)	3.3	3.7
Number of employees	4,901	5,300
Corporate customer branches	24	24
Multibank sales units	134	133
mBank (Aspiro) sales units	142	115

Sustainability performance in accordance with GRI index

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P84 CR Roadmap

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P96 Performance indicators

P96 Financial Services Sector Supplement: Product and service impact

- P97 Aspect: Product portfolio
- P101 Aspect: Audits
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P102 Economic

- P102 Aspect: Economic performance
- P105 Aspect: Market presence
- P105 Aspect: Indirect economic impacts
(including foundations, donations and sponsorship)

P108 Environmental

- P110 Aspect: Materials
- P110 Aspect: Energy
- P113 Aspect: Water
- P113 Aspect: Biodiversity
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- P117 Aspect: Compliance
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- P119 Aspect: Total environmental protection
expenditures and investments

This Corporate Responsibility Report is aimed at all Commerzbank's stakeholders. The first section – the magazine section – uses specific examples to describe how Commerzbank satisfies its responsibilities, providing a deeper insight into the Bank's corporate philosophy. The second section in the following pages – the performance section – is structured in accordance with the highest application level (A level) in the guidelines published by the Global Reporting Initiative (GRI). In this section, specialists and any other interested parties can easily find specific information on sustainable corporate management at Commerzbank.

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- P121 Aspect: Employment
- P123 Aspect: Labour/management relations
- P124 Aspect: Occupational health and safety
- P126 Aspect: Training and education
- P127 Aspect: Diversity and equal opportunity

P130 Social: Human rights

- P131 Aspect: Investment and procurement practices
- P132 Aspect: Non-discrimination
- P132 Aspect: Freedom of association and collective bargaining
- P133 Aspect: Child labour
- P133 Aspect: Forced and compulsory labour
- P133 Aspect: Security practices
- P133 Aspect: Indigenous rights

P134 Social: Society

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- P136 Aspect: Public policy
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P138 Social: Product responsibility

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- P143 Aspect: Compliance

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CR Programme

Objective	Action	Target date	Performance highlights 2010–2011
Strategy			
CR strategy Draw up a company-wide CR strategy	Analysis of the Bank's sustainability management as a basis for the strategy	December 2012	The key components for the CR strategy have been in place for some time. A PwC analysis was carried out in mid-2010: status quo and benchmarking. Initial points for action have been derived from this analysis and prioritised. It is planned to draw up and publish the CR strategy in 2012
	Use of PwC benchmark analysis to determine and implement initial action points	December 2010/ mid-2011	Switch to annual CR reporting: first status report was published in December 2010. Launch of "Sustainability" web portal in mid-2011 (www.nachhaltigkeit.commerzbank.de); preliminary studies for the introduction of software to support sustainability management
	Continuous CR reporting in respect of major subsidiaries	Ongoing	2011 report on corporate responsibility includes comdirect, Eurohypo and BRE Bank with the main aspects of their CR performance
	Implementation and extension of the reputational risk management concept	Ongoing	Further guidelines and policies drawn up in relation to human rights, conflict zones, fossil fuels, power generation, indigenous peoples, agriculture and forestry, mining, toxic substances; roadshows to increase awareness in relevant areas of the Bank, both inside and outside Germany; expansion of the reputational risk management on the intranet
Stakeholder dialogue			
Strategy Exchange views with relevant stakeholder groups and integrate results into decision-making processes	Regular, structured information sharing with various non-governmental organisations (NGOs) and other bodies on issues relevant to sustainability	Ongoing	NGO-Banks dialogue forum organised by urgewald on issues including nuclear power (September 2010); "Political breakfast" series of events in Berlin – topics included "New quality management tools – examples: customer advocate, customer advisory council and arbitration council" (October 2010); involvement in consultative workgroups, e.g. German Association for Environmental Management and Sustainability in Financial Institutions (VfU), German Federal Ministry of Education and Research "Climate Change Finance Forum" and activities as part of the Bank's membership of the Rhine-Main Environmental Forum
	Regular checks for the inclusion of controversial weapons in transactions and customer relationships involving armaments	2010	Since 2010, the Bank has used the Controversial Weapons Radar, a service from a specialist external provider that is updated quarterly
Communication Systematise and intensify stakeholder dialogue	In 2009, Commerzbank established a 40-strong Customer Advisory Council for private and business customers with the objective of achieving a long-term and sustainable increase in customer satisfaction. The patron is the member of the Board of Managing Directors with responsibility for the Private Customers segment	Ongoing	More than 40 suggestions have been implemented since the Customer Advisory Council was established in March 2009. For example, hotline fees have been standardised; the Council has been involved in the simplification of online application submissions and in the development of various customer brochures, and constituted the exclusive group of testers for user-friendliness and functionality of the Mobile Banking & Brokerage app prior to marketing. The Bank also accepted the suggestion that, when there is an unavoidable change in customer adviser, the customer should be fully informed in good time and the new adviser should be given checklists to ensure a smooth transition
	The UnternehmerPerspektiven initiative in the Mittelstandsbank segment addresses issues of current interest to SMEs. It offers a platform for information sharing between businesses, economics experts and representatives from trade associations, academic institutions and politics	Ongoing	In April 2010, a study entitled "SMEs in crisis – new direction for a recovery?" was presented as part of this initiative. In October 2010: "SMEs and their banks". In May 2011: "Women and men at the top: the way German SMEs are led". The studies formed the basis for media work and country-wide dialogue events, at which the study results were presented, analysed and discussed from various perspectives. In 2010, these events had around 70,000 participants

Objective	Action	Target date	Performance highlights 2010–2011
Stakeholder dialogue <i>(continued)</i>			
Communication Systematise and intensify stakeholder dialogue <i>(continued)</i>	Regular telephone conferences for staff and management for ongoing internal dialogue	Ongoing	Telephone conference calls between individual members of the Board of Managing Directors and employees within their segment, e.g. on quarterly reporting
	Moderated “live chats” in which managers and project managers answer questions from employees	Ongoing	Live chat e.g. on the first anniversary of the Customer Advisory Council (March 2010) and on the subject of women in management positions (March 2011)
Staff survey Carry out survey of employee opinion throughout the group and draw up action plans to improve employee satisfaction	Regular “integration surveys” were carried out from the start of Dresdner Bank’s integration into Commerzbank at the end of 2008. These were designed to reflect the specific challenges posed by the merger of the two banks: the “Pulse Check”, the “Integration Monitor” (quarterly to half-yearly) and the more broadly based “Change Monitor” representative employee survey (twice)	Ongoing	Staff surveys entirely related to the integration process came to an end with the sixth “Pulse Check” in March 2010. The results of the second major survey of 15,000 employees in the representative “Change Monitor” survey conducted in September 2010 showed that the work-force was continuing to merge into a single team from an emotional perspective and was exceedingly committed to integration
	Annual company-wide employee survey since 2005 to measure employee satisfaction and a major employee survey every three years including collection of data for an analysis of strengths and weaknesses	Ongoing	The results of regular employee surveys demonstrate a high level of employee satisfaction with their immediate working environments. Managers identify particularly strongly with the Bank. The surveys also show that there is a high degree of commitment from employees to the measures necessary for integration. In September 2011, the Bank launched “Commerzbank Monitor”, the first major employee survey since integration. All employees of Commerzbank AG in Germany and abroad are invited to participate
Compliance			
Compliance standards Implement uniform compliance standards in all segments	Introduction of a group-wide whistleblowing system in which information from employees, customers or third parties relating to economic crime can be submitted, received and processed on an anonymous basis	Mid-2010 (start of roll-out)	“Business Keeper Monitoring System” (BKMS) introduced at Commerzbank in Germany in 2009 has been gradually rolled out to a large number of the group’s units worldwide
	Summary of guidelines for the prevention of fraud, including all types of corruption	Ongoing	Global Anti-Fraud Policy published in March 2010. Updated version came into effect in May 2011
	Fraud and corruption (and other items) added to the risk analysis	2010	The compliance risk analysis, which in 2010 included all 72 of the Bank’s units, specifically included questions on corruption
	Comprehensive training on the prevention of fraud, including all forms of corruption	Ongoing	Since 2010, there has been a separate focus on corruption in the mandatory web-based compliance training used throughout the Bank
	Clear direction for employees with regard to corruption	July 2011	The Bank has published a Global Anti-Corruption Policy

Objective	Action	Target date	Performance highlights 2010–2011
Market & customers			
Core business Increase the focus of core business on customer needs and sustainability	Extend activities aimed at protecting the interests of private customers	July 2010	In July 2010, the Bank introduced the customer advocate function and the Arbitration Council. The customer advocate acts as a mediator between the customer and the Bank, where required. If no solution can be agreed by mutual consent, the customer advocate can refer the matter to the Arbitration Council
	Further embedding of private customer satisfaction	July 2010	Since July 2010, customer loyalty – measured using the net promoter score, the key performance indicator for quantifying the willingness of customers to recommend the Bank to others – has been factored in to the variable remuneration paid to the senior managers in the Private Customer segment
	Consolidation of activities aimed at protecting the interests of SME customers	March 2010	The Commerzbank credit mediator is a central, independent body that will look impartially at any rejected finance application and attempt to find a workable solution in close consultation with the customer
	Continuous expansion of long-term-oriented products and services commensurate with Commerzbank's role as a leading provider of funding for SMEs	July 2010	In 2010, Commerzbank set up a special equity fund for German SMEs ("AF Eigenkapitalfonds für den deutschen Mittelstand") in a joint initiative with the KfW development bank. The fund has total resources of approximately €200 million. The primary aim of the fund is to strengthen the equity of small and medium-sized businesses over the long term
	Range of new sustainable and innovative products and services	Ongoing	Commerzbank has always offered selected products from external sales partners for customers interested in sustainable investment. Such products include "Sarasin OekoSar Equity – Global" and "Sarasin Sustainable Water". In October 2011, start of the "More value for your assets" sustainable products sales initiative in Wealth Management. Commerzbank has also launched "SolarLight", a new product for financing photovoltaic installations at SMEs. If an SME intends to become a solar power generator and has a funding requirement from just €250,000 upwards, Commerzbank can provide a lean standardised procedure to help the SME achieve its objectives
	Emissions trading – continuation of the Bank's pioneering role as a leading participant in the trading of emissions permits in Europe in which it actively manages carbon risks on behalf of its customers	Ongoing	In 2010, our Carbon Trade & Finance (CTF) joint venture came out top for the third year in succession for trading in emissions reductions units (ERUs) in the environmental risk rankings published by "Energy Risk" magazine. In September 2011, Commerzbank and airberlin executed the first-ever trade in aviation emissions permits in Europe (known as aviation European Union allowances – AEUAs) – an important milestone in the development of the EU Emissions Trading System
	Expansion of corporate and project finance along the whole of the renewable energies value chain	Ongoing	As at mid-2010, Commerzbank's commitment to renewable energies funding amounted to around €4.4 billion (of which 10% accounted for by offshore). The Bank plans to double the volume in the coming years
	Increased integration of sustainability components into the products and services that form the core business of the Bank	Mid-2011	Since mid-2011, equities are only recommended by the Bank after it has been verified that the equities concerned satisfy clearly specified sustainability criteria – e.g. the companies involved must not have breached any UN conventions (human rights, labour conditions, environmental protection, corruption)
Environmental and climate protection			
Environmental management Systematically expand environmental protection activities	Revision and publication of the Bank's Environmental Guidelines (version 2.0)	End of 2011	Updated Environmental Guidelines were adopted by the Group Environmental Committee in August 2011; submission to the Board of Managing Directors in November 2011
	Establishment of the Group Environmental Committee; committee monitors the closer integration of environmental protection into all the Bank's key processes	April 2010	Group Environmental Committee established in April 2010 – meetings take place every six months

Objective	Action	Target date	Performance highlights 2010–2011
Environmental and climate protection <i>(continued)</i>			
Environmental management Systematically expand environmental protection activities <i>(continued)</i>	Consolidation of the existing environmental management system in line with the latest standards	Ongoing	Following the development of the environmental management system in accordance with ISO 14001 in 2008, initial certification in 2009 and re-certification in 2010; system periodically subject to external audit; latest VfU standards integrated (e.g. conversion factors for greenhouse gases)
	Provision of information and action to increase awareness among employees; communication on environmental topics	Ongoing	Climate protection feature and environmental quiz in the “Commerzbanker” employee magazine in March 2011; “Klimagourmet” and “Green it” touring exhibitions for the city of Frankfurt; mobile phone collection campaign – proceeds to be donated to the environmental organisation “Plant for the Planet”
Climate protection Extend the implementation of the group-wide climate strategy	CO ₂ reduction of 30% by 2011 (from base year 2007)	December 2011	CO ₂ emissions already almost halved (compared with base year 2007) by the end of 2010
	Supply of green electricity to the whole of Commerzbank	End of 2012	Between 2009 and 2010, the proportion of electricity accounted for by green electricity increased from 42% to just under 90%
	Offset for unavoidable carbon emissions	Ongoing	In addition to the Annual Report and the CR Report, the employee magazine “Commerzbanker” (circulation: 70,000 copies) is now printed on a carbon-neutral basis; the Bank invested in solar power installations at Frankfurt schools to offset the carbon footprint from the “Commerzbank Frankfurt Marathon 2010”; the 2011 Annual General Meeting was also carbon-neutral
	Communication and dialogue on climate protection	Ongoing	Increased communication on climate protection issues via the new sustainability web portal at www.nachhaltigkeit.commerzbank.de ; “Climate and Finances” campaign week organised by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety in January 2010; the Bank is also a long-standing partner in “Climate Change Finance Forum”, an initiative from the German Federal Ministry of Education and Research; “Commerzbank in dialogue” event in Berlin – “Emerging into the new energy age – is Germany on the right path?” with German Environment Minister Norbert Röttgen and member of the Commerzbank Board of Managing Directors Markus Beumer among others; “Klimagourmet” and “Green it” touring exhibitions for the city of Frankfurt
Energy efficiency Use energy-efficient technology in operations and transport	Increased use of particularly energy-efficient IT technology (green IT)	Ongoing	Conversion of computing centres to a hot aisle/cold aisle configuration, operation of client/server systems in power-saving mode, thin clients introduced to replace 80% of the fat clients (which number around 20,000); reduction in the end devices per user from an average of 1.6 to 1.3 by the end of 2011 (forecast energy savings of around 20%)
	Energy savings by converting to state-of-the-art lighting technology	June 2010	With the launch of the new brand identity, Commerzbank was able to save 5.3 million kWh of electricity by converting exterior signage and display window information systems. LED lamps are now used in place of incandescent light bulbs and fluorescent lamps. As a result of this conversion, power consumption in exterior signs fell by 85% and in display window communication systems by 59%. This equates to a total drop of 82% in electricity consumption to just under 1.2 million kWh
	Increased energy efficiency in business transactions, including vehicle policy based on energy efficiency for company cars and pool cars	Ongoing	In 2010, 250,000km of air journeys were avoided by switching to rail travel. Average fuel consumption in new vehicles reduced from 6.1 to 5.8 litres/100km between 2009 and 2010
Sustainable procurement Increase supply and demand for environmentally friendly products in the company	More stringent requirements and controls on the standards for sustainable procurement	Ongoing	Implementation of the standard for sustainable procurement; first supplier audit in 2011
	Introduction of new sustainable products on Commerzbank’s central procurement portal	Ongoing	An even greater number of sustainability aspects were included in a range of procurement categories, including office supplies, paper, office machines, company vehicles and travel, and in processes ranging from invitations to tender to the selection and validation of suppliers. For example, in 2010, around 250 green products were added to the range of office supplies and clearly highlighted in the procurement portal

Objective	Action	Target date	Performance highlights 2010–2011
Environmental and climate protection <i>(continued)</i>			
Sustainable procurement Increase supply and demand for environmentally friendly products in the company <i>(continued)</i>	Action to increase employee awareness of environmentally friendly paper guidelines and range of green products available	Ongoing	The Bank stepped up its communications regarding the paper standard on the intranet; in 2010, it also introduced FSC-certified copier paper for external purposes
Employees			
Corporate culture and values Create a binding, unifying corporate culture	Ongoing provision of information and workshops covering the five corporate values (ComWerte)	Ongoing	Since 2009, the Bank has held more than 4,000 workshops for managers and employees as part of the integration project to support the emotional and cultural merger
Integration of Dresdner Bank Carry out integration in a socially responsible manner	Integration of Dresdner Bank in terms of personnel and IT	2011	Changes to the organisational structure were carried out by 2010. Customer and product data migration completed during Easter 2011
	Implementation of reduction in employee numbers without compulsory redundancies, targets to be achieved by 2013	2013	Implementation of the plan to cut approximately 9,000 full-time positions is already more than 80% complete and no compulsory redundancies have been necessary
Talent management	Expansion of collaborative activities with universities to facilitate contact with young executive talent, especially in view of demographic change	Ongoing	A further six top European universities outside Germany joined the “management meets campus” programme in 2010. Managers from the Bank now carry out guest lectures, case studies, workshops, etc. together with interdisciplinary teams at 37 universities inside and outside Germany
	Further alignment of professional development opportunities and services with employee needs	Ongoing	The beginning of 2011 saw the start of the “Commerzbank Project Management Programme” (CPP) aimed at supporting careers in project management. This complements the Commerzbank Management Programme (CMP), a skills and professional development programme for those pursuing a career in management at the Bank. The Bank is also preparing additional options in support of specialist careers
	Retention of young talent	Ongoing	Since 2011, the reasons why employees terminate their employment contracts have been systematically recorded by the use of structured interviews. The results are used as the basis for improvements
Work-life balance Offer range of options to improve work-life balance	Information for female employees on maternity leave and for any employees opting for part-time work under parental leave regulations	Ongoing	The Bank offers special technical equipment or the option of working 10% of normal hours during the period of parental leave enabling employees on such leave to maintain contact with their working environment
Diversity management Create a multi-faceted corporate culture by fostering the diversity of the workforce	Expansion of the commitment to diversity and ongoing support for diversity networks	Ongoing	The Bank supports the following networks: “Arco” (gay and lesbian network), “Courage” (network for working women) and “Focus on fathers” (working fathers); it also supports the “CrossCulture” group of experts and the “KulturWerk” association. The Bank is preparing a global diversity management system, which it plans to introduce in 2012
	Support for professional women with segment-specific targets by 2015	2015	In 2010, the Board of Managing Directors initiated the “Women in management positions” project. Since 2011, the Bank has been committed to the targets in the corresponding DAX 30 declaration. The following have already been implemented: company-wide mentoring program with support provided by members of the Board of Managing Directors and senior managers (at least half of the mentees must be women); increase in the number of women observers at selection procedures; “WomenUp 2010” event with students and start of the “Women in IT” programme

Objective	Action	Target date	Performance highlights 2010–2011
Employees <i>(continued)</i>			
Health management Promote and maintain the health of employees	Close dialogue between the Bank and employees with regard to health issues	Ongoing	Employee Council on Health set up in 2010. In this council, employees discuss health issues with the member of the Board of Managing Directors responsible for HR and the chairman of the Central Works Council
	Expansion of the range of services offered as part of a holistic health management system	Ongoing	Since 2010, the Bank has offered a structured range of advisory services as part of its return-to-work and disability management for employees who have been sick for more than six weeks in a year. In 2011, it introduced a company-wide Employee Assistance Programme (EAP) comprising psychosocial counselling services for employees facing difficult situations in their professional and personal lives
Society			
Corporate citizenship Satisfy responsibility as part of society, focusing on commitment in the fields of education, the arts and sport	Organisational amalgamation of the various Commerzbank and Dresdner Bank charitable foundations under the umbrella of a new foundation centre	December 2010	Amalgamation already achieved by the start of 2010. The total endowment is around €100 million, funds being used to support education, art, the wider arts and social causes
	Support for the visual arts with permanent loans of works of art and donations	End of 2010	Following reorganisation of the art collection belonging to the former Dresdner Bank, 100 outstanding works of art were transferred to museums in Berlin, Dresden and Frankfurt as permanent loans. A donation of €1 million was also made to each of the museums to support museum education and restoration work
	Support for the environmental education project “Internship for the Environment” in which the Bank each year pays for approximately 50 interns to spend several months in one of Germany’s designated protected natural landscapes.	Ongoing	2010: Brochure for the protected natural landscapes; “Integration” workshops as part of the integration of the banks within the natural landscapes
	Donations following international disasters	Ongoing	In 2010, the Bank together with its employees and customers donated €180,000 following the earthquake in Haiti and €200,000 following the floods in Pakistan. In 2011, a further €100,000 was donated following the earthquake, tsunami and nuclear disaster in Japan
	Premium partner of the German Football Association (DFB)	Ongoing	Partnership activities in all areas of the DFB; in connection with the men’s and women’s national teams and also in the development of talented young players. For example, training days with Birgit Prinz and René Adler including children from socially disadvantaged families
	FIFA Women’s World Cup 2011™ in Germany	July 2011	Commerzbank was Official Supplier to the FIFA Women’s World Cup 2011™ held from 26 June to 17 July 2011 in Germany and official supporter of the volunteer programme: well over 1,000 employees and customers took part
	25 th anniversary (2011) of the “Grünes Band” sponsorship programme	Ongoing	This programme supports sports clubs that themselves are showing an outstanding commitment to fostering young talented sportspeople. Each year, the Bank makes 50 sponsorship awards each worth €5,000 to a range of different sports
	Promotion of general financial education in society	Ongoing	Since 2010, in a joint project with the “Handelsblatt macht Schule” initiative, managers and employees of Commerzbank have visited schools, taking over lessons for two hours at sixth-form level to explain and discuss economic issues with pupils and tell pupils about their day-to-day work

CR Roadmap

If it is to be taken seriously, corporate responsibility must be in evidence in all areas and at all levels of a bank's business activities. Over the long term, Commerzbank has therefore initiated a huge range of activities and created a significant number of structures to ensure that this responsibility has become a guiding principle both within the company and for the company. Over the coming years, for example, the Bank

will be attaching even greater importance to sustainable products and services and the corresponding management systems will become even more efficient than at present. The CR roadmap provides an overview of the Bank's individual corporate responsibility activities – with a summary of the milestones already reached in the years 1988 to 2011 and a look ahead to the activities planned for the period 2012 to 2014.

CR Roadmap/milestones

1988–1993

- 1989** • First initiative: "Women in modern banking"
- 1990** • Adoption of a Group Mission Statement containing a commitment to socially responsible and environmentally compatible progress
 - First major German bank to appoint an Environmental Officer
 - Launch of the environmental education project "Internship for the Environment" in partnership with the German National Parks Association
 - The annual "Mittelstand protecting the environment" prize is awarded for the first time
 - Company agreement on reintegration of parents returning to work
- 1992** • Commerzbank becomes a founder member of the UNEP Finance Initiative

1994–1999

- 1996** • Publication of the first Environmental Balance Sheet Report
 - Cosmopolitan award for the most family-friendly company in Germany
- 1997** • The company moves into the world's first "Green Building" skyscraper (based on a design by Lord Norman Foster)
- 1999** • "Kids & Co." emergency childcare service for employees established

2000–2005

- 2000** • Beginning of Commerzbank's commitment to microfinance banks in south-east Europe
 - Initiative for the promotion of voluntary work in sport established
 - Energy saving weeks instigated at the new head office
- 2001** • Center of Competence Renewable Energies (CoC RE) established
- 2002** • Participation in the first reporting cycle of the Carbon Disclosure Project
- 2004** • Commerzbank is awarded a certificate by TÜV Süd, the product standards regulator, for high quality standards in the funds selection process
 - Involvement in the development of a Code of Conduct for debtor countries and investors
- 2005** • Reputation and Sustainability Management unit established
 - Publication of the first Corporate Responsibility Report
 - "Kids & Co." childcare centre opened

By the end of 2012, Commerzbank intends to have drawn up an overarching CR strategy. This CR strategy had originally been planned for the period under review but it was decided instead that the strategy should be preceded by a comprehensive status and benchmark analysis of our sustainability management system in collaboration with PwC.

Another key component of responsible corporate management is transparency, from both internal and external perspectives. With this in mind, the Bank will in the future continue to disclose in its communications strategic objectives that have a bearing on corporate responsibility as well as the extent to which these strategic objectives are achieved.

2006–2010

- 2006** • United Nations Global Compact signed
- 2007** • Introduction of Business Conduct Guidelines (Code of Conduct) for all employees at Commerzbank
- Founder member of the “Climate Change Finance Forum” by the German Ministry of Education and Research
- 2007–2010** • Participation in Bank Dialogue Forums between NGOs and banks on woodpulp/forestry; sustainable funding decisions on biofuels and nuclear energy
- 2008** • Electricity supply to Commerzbank head office entirely converted to certified green energy from the region
- “Im Lot” work-life balance project initiated
- “Diversity Charter” signed
- 2008–2010** • Development of guidelines and policy papers on armaments deals, conflict zones, fossil fuels, power generation, indigenous peoples, agriculture and forestry, palm oil, mining and toxic substances
- 2009** • Certification of the Environmental Management System in accordance with ISO 14001
- Commerzbank climate strategy adopted
- “Commerzbank in dialogue” events launched
- 2009–2010** • Emissions trading expanded and integrated into the range of products and services offered by the new Commerzbank
- Customer Advisory Council and customer advocate function established
- 2010** • Group Environmental Committee established

2011


- “Women and men at the top: the way German SMEs are led”, tenth study in the “UnternehmerPerspektiven” initiative
- Structured sustainability screening for all equities recommended by Commerzbank
- Publication of the policy paper on promoting and protecting human rights
- Record growth of approximately €1 billion in new business for funding the expansion of renewable energy sources
- New Environmental Guidelines adopted (initial version: 2008)
- Climate strategy target of 30% reduction in CO₂ between 2007 and 2011 far exceeded
- Joint declaration by DAX 30 companies committing to the advancement of women managers; start of the Board of Managing Directors project “Women in management positions”
- Wealth management initiative: detailed information for customers on sustainability and sustainable investments
- Web-based training programme “Health at Commerzbank” for all employees
- Provision of the first company-backed after-school childcare centre for children of employees
- “Commerzbank in dialogue” event: “Emerging into the new energy age – is Germany on the right path?”
- “Sustainability” web portal set up – brings together information on all issues related to sustainability performance at Commerzbank

2012–2014

- Lending volume for the funding of renewable energies to double
- Electricity supply to the whole of Commerzbank AG Germany entirely converted to green energy
- New department (Corporate Citizenship) with exclusive focus on socially relevant support projects
- Reduction in employee numbers without compulsory redundancies, targets to be achieved by 2013
- Development of further sector-specific guidelines and policy documents (e.g. tropical timber)
- Expansion of stakeholder dialogue (e.g. further events in the “Commerzbank in dialogue” series in Berlin)
- Further “UnternehmerPerspektiven” studies

UN Global Compact



 www.unglobalcompact.org

The UN Global Compact is a voluntary pact between companies, organisations and the UN under which the participating businesses and organisations undertake to show commitment to human rights, fair labour conditions, environmental protection and anti-corruption. The objective of the Global Compact is to encourage the participants to commit to the development and consolidation of social and environmental standards. It invites the participants to take an active, long-term approach to the challenges presented by globalisation.

To this end, the Global Compact sets out ten principles which the participating organisations undertake to uphold. The participants are expected to establish and promote the continuous development of these

principles within their own organisations through initiatives, projects, guidelines and training.

Commerzbank has been a participant in the UN Global Compact since 2006. Since then, we have issued an annual report (Communication on Progress – COP) on the progress we have made in implementing and integrating the objectives of the Compact in the processes and structures of the Bank. In the period under review, Commerzbank continued to support the objectives and principles of the UN Global Compact by undertaking a wide range of initiatives and projects, a summary of which is set out in the following table. We are continuously developing our activities so that we can continue to meet our obligations under the UN Global Compact in future.

Communication on progress

Themes	Summary, action and outcomes	Further information
Human rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Commerzbank has a clear policy on human rights. Its objectives and guidelines relating to human rights are published on the internet at www.nachhaltigkeit.commerzbank.de in the Governance, Guidelines and Policies section. Commerzbank has used a number of sources for its own policy including the UN International Bill of Human Rights and the ILO international labour standards. The ComWerte, the corporate values of Commerzbank, also provide a framework that guarantees support and respect for human rights in the day-to-day operations of the Bank. The Business Conduct Guidelines (Code of Conduct) for Commerzbank AG also encompasses rules for irreproachable conduct, and this includes compliance with legal provisions and respect for human rights. All new employees are given specific instructions on the need to comply with this Code of Conduct. In addition, the Reputational Risk Management unit carries out roadshows for relevant departments in order to heighten awareness of reputation issues. These training sessions also include human rights issues. 	<p>Page 130</p> <p>HR3, page 132</p>
Principle 2: Businesses should make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> All transactions and business relationships at Commerzbank in which aspects of sustainability play a material role are extensively researched and analysed, and are subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of the business relationship. In 2010, approximately 1,600 individual transactions or business relationships were reviewed in terms of reputational risk including human rights issues. Commerzbank's experience over the years is that around 10% of transactions or business relationships are assessed negatively. The procurement guidelines used by Group Procurement also include ethical guidelines which themselves include a mandatory requirement for respect for human rights in all procurement transactions. Clear standards are set out at the very beginning in the invitation to tender; all tendering suppliers are evaluated on the basis of a self-declaration questionnaire submitted by the supplier; this questionnaire includes questions on human rights. Key suppliers are subject to an assessment, both as part of a regular assessment schedule or if triggered by a particular event, depending on the credit risk and the extent to which the supplier concerned can be substituted. In 2011, Group Procurement began the first audits of strategically important suppliers at supplier premises. 	<p>HR1, page 131</p> <p>HR2, page 131</p>
Labour		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> Commerzbank engages in regular and constructive dialogue conducted in a spirit of partnership with employee representatives on all topics where employee co-determination is relevant. The Bank attaches great importance to collective bargaining and collectively agreed rules in order to ensure that there is a balanced consensus on material issues in the company and to provide legal certainty in the event of any changes, for example, to the remuneration system. Such legal certainty would otherwise only be possible by making changes to individual employment contracts. The Bank is not aware of any instances in which Commerzbank's business activities or its corporate units would fail to respect or would threaten freedom of association or the right to collective bargaining. Approximately 38,000 employees (which equates to around 98% of the workforce) have employment contracts subject to collective bargaining agreements. 	<p>HR5, page 133</p> <p>LA4, page 123</p>
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> Commerzbank ensures that there is no possibility whatsoever of any kind of forced or compulsory labour in its own workforce. The procurement guidelines also include ethical guidelines which themselves include a mandatory requirement for respect for human rights in all procurement transactions. Clear standards are set out at the very beginning in the invitation to tender; all tendering suppliers are evaluated on the basis of a self-declaration questionnaire submitted by the supplier; this questionnaire also includes questions on the prohibition of forced labour. All transactions and business relationships at Commerzbank in which aspects of sustainability play a material role are extensively researched and analysed, and are subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of the business relationship. These checks also cover labour conditions and the issue of forced and compulsory labour. 	<p>HR7, page 133</p> <p>HR2, page 131</p>

Themes	Summary, action and outcomes	Further information
Labour (continued)		
Principle 5: Businesses should uphold the effective abolition of child labour	<ul style="list-style-type: none"> Commerzbank ensures that there is no possibility whatsoever of any kind of child labour in its own workforce. The procurement guidelines also include ethical guidelines which themselves include a mandatory requirement for respect for human rights in all procurement transactions. Clear standards are set out at the very beginning in the invitation to tender; all tendering suppliers are evaluated on the basis of a self-declaration questionnaire submitted by the supplier; this questionnaire also includes questions on the prohibition of child labour. All transactions and business relationships at Commerzbank in which aspects of sustainability play a material role are extensively researched and analysed, and are subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of the business relationship. These checks also cover labour conditions and the issue of child labour. 	<p>HR6, page 133</p> <p>HR2, page 131</p>
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> Fair behaviour in the workplace and a spirit of partnership are deeply embedded in the traditions of Commerzbank's approach to management. In 2004, the Bank and employee representatives entered into a company agreement in this regard. This agreement specifies that, under the employer's duty of care, the employer has a responsibility to protect its employees against any kind of psychological or physical injury. The agreement makes it absolutely clear that the Bank will not tolerate any bullying, sexual harassment or discrimination in the workplace. Conduct based on respect and in a spirit of partnership is one of the five core values (ComWerte) at Commerzbank. For many years, the diversity management unit has been successfully working to promote a prejudice-free working environment and mutual acceptance, and very consciously to make the most of the diversity among the workforce. Commerzbank has signed the "Diversity Charter" for companies in Germany and has been one of the trailblazers in diversity issues: it supports a number of employee networks, such as the "Courage" women's network, the "Arco" network for gays and lesbians, the "Focus on fathers" network and the "CrossCulture" group of experts on intercultural issues. 	<p>HR4, page 132</p> <p>LA12, page 127</p> <p>Page 37</p>
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> All transactions and business relationships at Commerzbank in which aspects of climate change play a material role are extensively researched and analysed, and are subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of the business relationship. Further implementation of Commerzbank's own climate strategy adopted in 2009, which has four areas of action. In 2010, Commerzbank reduced its CO₂ emissions by around 105,000 tonnes of CO₂ equivalent, and by the end of 2010 had therefore nearly halved its emissions compared with 2007. The Bank has therefore reduced its greenhouse gas emissions much more quickly than initially planned. Increase in the commitment to climate protection and dialogue with players in the world of politics, business and the environment regarding the challenges presented by climate protection. 	<p>EC2, page 103</p> <p>Page 50 et seq. EN16, page 114 EN17, page 114</p> <p>Page 52</p>
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> Over and above compliance with current environmental legislation, which the Bank ensures as a matter of course, the Commerzbank Board of Managing Directors has adopted a mandatory environmental policy for all segments of the business. The requirements of this policy are summarised in Commerzbank's Environmental Guidelines. The environmental management system ensures that all environmental measures are subject to controls and further development. The environmental management system in the new Commerzbank AG was successfully re-certified in April 2010. It applies to all the Bank's sites in Germany. In 2010, total expenditure on direct environmental protection measures and preventive environmental management action amounted to some €3 million (excluding redevelopment and renovation costs). The year under review saw a significant expansion in the use of green electricity derived from hydro generation. Approximately 90,000 tonnes of CO₂ emissions were cut simply as a result of the substantial improvement in the quality of the electricity supply, approximately 87% of which is now hydroelectricity. In 2010, 250,000km of air journeys were avoided by switching to rail travel. 	<p>DMA-EN, page 108</p> <p>DMA-EN, page 108</p> <p>EN30, page 119</p> <p>EN4, page 111 EN16, page 114</p> <p>EN29, page 118</p>
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> In 2010, funding of renewable energy sources by the Center of Competence Renewable Energies was increased still further. Expansion in the area of environmentally based investments, such as solar funds: 2010 saw the launch of the "CFB-Fonds 177 Solar-Deutschlandportfolio III" fund for the funding of eight solar power plants. Low-interest loans with terms of up to 17 years from the KfW development bank for energy efficiency projects for properties. Countrywide rollout of the new "SolarLight" product in Germany, which facilitates "lean" funding arrangements for SME photovoltaic installations with an investment requirement of €250,000 or more. Further development of "climate:coach" – a combination of financial and climate advice that helps businesses realise potential energy savings and cut CO₂ emissions from processes and products. Renovation of the "Silver Tower" (former headquarters building of Dresdner Bank) to the latest standards published by the German Sustainable Building Council (DGNB). Annual saving of 5.3 million kWh of electricity as a result of the use of LED technology in exterior signage and display window information systems. Increase in the use of energy-efficient technologies within the company (green IT) to cut electricity consumption; use of energy efficient vehicle technology to reduce fuel consumption. 	<p>Page 46 Page 25</p> <p>Page 25</p> <p>Page 52</p> <p>EN5, page 112</p> <p>EN5, page 112</p> <p>EN5, page 112</p>
Anti-corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Commerzbank takes a preventive approach to corruption and other fraud-related crimes. The Bank is a member of Transparency International and, as such, is not only under an obligation to apply minimum anti-corruption standards, it must also act as a role model, fulfilling the requirements of the standards in exemplary fashion and pursuing a policy of continuous improvement. In March 2010, the Bank published a Global Anti-Fraud Policy, an updated version of which came into effect in May 2011. In July 2011, the Bank also published a Global Anti-Corruption Policy, which includes, for example, specific guidelines regarding the acceptance of gifts and invitations. The policy therefore gives clear guidance for employees in such matters. The prevention of corruption is an important integral part of Commerzbank's risk analysis. All the Bank's units (subsidiary and branch units in Germany and abroad, as well as head office units) are included in the compliance risk analysis. Since 2010, there has been a separate focus on corruption in the mandatory web-based compliance training used throughout the Bank. All employees must complete this web-based training programme. The Bank has regularly reviewed and added to its anti-corruption measures based on its systematic risk analyses over the last two years and based on discussions with other companies and experts. Contractually agreed integrity clauses with business partners include the obligation to prevent corruption and to notify instances of corruption to each other. 	<p>Page 66</p> <p>Page 68</p> <p>SO2, page 135 Page 66 SO3, page 136</p> <p>SO4, page 136</p> <p>SO4, page 136</p>

Profile disclosures

1. Strategy and analysis

1.1

Statement from the most senior decision-maker (CEO) on the importance of sustainability for the organisation and as part of corporate strategy

See page 4.

1.2

Description of key impacts, risks and opportunities (significant impacts the organisation has on sustainability and consequences for stakeholders, impact of sustainability trends, risks and opportunities on the long-term development of the organisation)

See page 6.

2. Organisational profile

2.1

Name of the organisation

Commerzbank AG.

2.2

Primary brands, products and/or services

Commerzbank is a leading bank for private and corporate customers in Germany. It has one of the densest retail banking branch networks in Germany, which will comprise a total of around 1,200 branches in future. Business activities are concentrated in four segments referred to as Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe. Together, these segments represent the heart of the business and are known as the core bank. The core bank is complemented by the Asset Based Finance segment, which provides asset-based lending for real estate, shipping and the public sector; this segment also includes real estate asset management. Portfolios that do not form part of the core business are included in the Portfolio Restructuring Unit segment and are being phased out on a basis that continues to preserve value.

2.3

Operational structure of the organisation including main divisions, operating companies, subsidiaries and joint ventures

The Commerzbank Group is broken down into the following segments:

- Private Customers
- Mittelstandsbank
- Central & Eastern Europe
- Corporates & Markets
- Asset Based Finance
- Portfolio Restructuring Unit

An overview of the segments and their operating units can be found in the Annual Report 2010 on page C4. The Annual Report also includes a summary of all subsidiaries, special-purpose entities and funds consolidated for the first time in the 2010 financial year (page 218) and a full list of the Commerzbank Group's shareholdings (from page 326).

2.4

Location of the organisation's headquarters

The registered office of Commerzbank AG is situated in Frankfurt am Main, Germany.

2.5

Number of countries where the organisation operates

In Germany, Commerzbank AG has a countrywide network of branches which it manages from its head office in Frankfurt am Main. Its principal subsidiaries in Germany are Eurohypo AG, comdirect bank AG, Commerz Real AG and Deutsche Schiffsbank AG. Outside Germany, the bank is represented in 50 countries by eight major subsidiaries, 25 international branches and 32 representative offices (see Annual Report 2010, page 75).

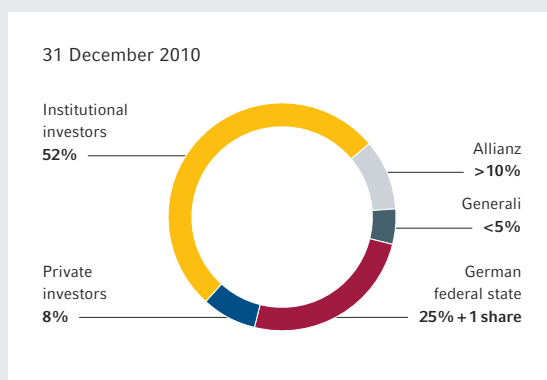
The Corporate Responsibility Report focuses on Commerzbank AG Germany (see 3.6, page 91).

2.6

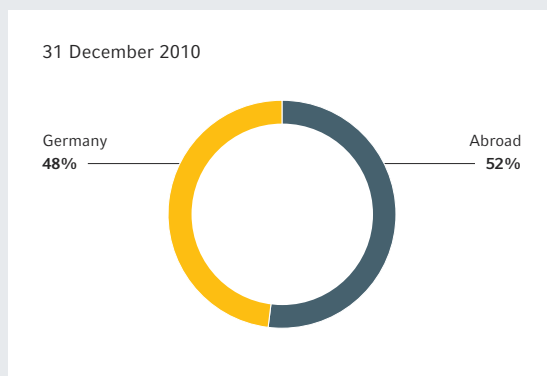
Nature of ownership and legal form

Commerzbank AG is a public limited company (AG) under German law. As at 31 December 2010, just over half of all shares in Commerzbank were held by institutional investors; the rest were accounted for by private investors (predominantly domiciled in Germany) and the major shareholders Allianz, Generali and the Financial Market Stabilisation Fund (SoFFin), (see Annual Report 2010, page 40).

Shareholder structure by type



Shareholder structure by region



2.7

Markets served by Commerzbank

Commerzbank is a leading bank for private and corporate customers in Germany and one of Europe's foremost banks. The Bank has a total of approximately 15 million private, business and corporate customers around the world, of which around 11 million are in Germany. In its home country, Commerzbank has a nationwide network of branches from which it supports all types of customer groups. It also has a widespread network of branches or representative offices outside Germany, including offices in all the major financial

centres, such as London, New York, Tokyo, Hong Kong and Singapore. However, its international activities are concentrated in Europe (see Annual Report 2010, page 75).

In the Mittelstandsbank segment, SMEs make up between 62% and 76% of customers, depending on the product or service provided, the other customers being major enterprises. Over 90% of sales revenue from each of the business lines in the Mittelstandsbank segment is accounted for by business in Germany. In retail banking business (Private Customers segment), which also includes the Wealth Management unit and customer relationship for small business customers, private customers account for between 46% and 84% of the business depending on the product or service involved. Details on customer breakdown in the Mittelstandsbank and Private Customers segments are shown on page 97 under point FS6.

2.8

Scale of the reporting organisation

As at 31 December 2010, Commerzbank's market capitalisation was €6.6 billion (31 December 2009: €7.0 billion). In 2010, it generated a consolidated profit of €1.430 billion (2009: loss of €4.537 billion). The Bank has around 15 million private, small business and corporate customers around the world, of which around 11 million are in Germany. At the end of 2010, Commerzbank Group employed 59,101 people, the equivalent figure for Commerzbank AG being 39,695 (see Annual Report 2010, page C2, page 40 and page 75).

2.9

Significant changes during the reporting period regarding size, structure or ownership

In 2010, Commerzbank completed important stages in the process of integrating Dresdner Bank, including brand migration, integration of the investment bank and all international units, and HR integration (see 3.1, page 90 and 3.10, page 91 together with the Annual Report 2010, page 10). In many areas of the business, the data for 2010 is not directly comparable with the data for previous years because of the merger of the two banks. Where this problem arises, the report only contains the data for 2010. Otherwise, there were no relevant changes to the presentation of information in most cases; exceptions are specifically noted at the relevant point.

2.10

Awards received in the reporting period

Awards and accolades received by Commerzbank in the reporting period included the following:

- Digita Award: Information security learning program
- Best Mittelstandsbank, FocusMoney magazine (issue 05/2010)
- Best online bank: comdirect bank AG, Wirtschaftswoche magazine
- iF design award: New brand logo
- BCP Award: Employee magazine
- Inkom-Grandprix: Employee magazine
- Vision Awards: Annual Report
- Asset Management: “very good” (07/2010), in private banking test by Euro magazine
- Red Dot Design Award: Annual Report
- Red Dot Design Award: New brand logo
- Best Mittelstandsbank, international business, Impulse magazine (08/2010)
- Employee Involvement Association (EIA), SEER Award: Finance, news and business service
- German PR Award: comdirect bank AG, sustainability communication/CSR
- German PR Award: Best B2B communication
- Pass Online Banking Awards: comdirect bank AG – best broker
- Outstanding asset management, FocusMoney magazine and n-tv
- Max Spohr Prize: Diversity
- Econ Special Award: HR Report

A complete list of awards and accolades is included in the Annual Report 2010 on page 19.

3. Report parameters

Report profile

3.1

Reporting period

The reporting period is 1 January 2010 to 31 December 2010. Quantitative information and key figures are presented for this period; in many cases, figures from previous years are also included for comparison purposes. However, comparative data for 2009 or earlier is not available in a significant number of instances for technical reasons related to the integration of Dresdner Bank systems. This applies in particular to HR data. In addition to the quantitative information for the formal reporting period, any relevant details that became available up to the editorial submission deadline for this report on 30 June 2011 have also been included.

3.2

Date of most recent previous report

The last detailed Corporate Responsibility Report at Commerzbank was published in 2009; the last Corporate Responsibility Status Report in 2010 (see also 3.3 below).

3.3

Reporting cycle

Commerzbank publishes a detailed Corporate Responsibility Report every two years. Since 2010, an interim Status Report containing key figures and relevant developments has also been published on the internet in the intervening years.

3.4

Contact point for questions regarding the report or its contents

See page 144.

Scope and boundary of report

3.5

Process for defining report content

The main content of the report was defined in a series of workshops over two days. These workshops determined the topic areas and sustainability indicators (in accordance with GRI criteria) relevant to Commerzbank and its target groups. The activities carried out in the workshops were based on validation statements listed in the GRI guidelines for determining the materiality of issues in respect of external target groups and the company itself. When the report information was gathered by the individual departments, special attention was focused on those topics and indicators that the workshops had classified as particularly relevant for external stakeholders and internal groups within the Bank. For these particular topics and indicators, the departments collected more extensive qualitative contextual information in addition to the key figures necessary to satisfy the GRI requirements. These special areas of attention are reflected in the in-depth presentation of relevant topics in this report.

3.6

Boundary of the report

The key data presented in the report relates to Commerzbank AG in Germany, unless otherwise stated. Selected subsidiaries such as BRE Bank, the comdirect Group and Eurohypo have been presented as examples.

3.7

State any specific limitations on the scope or boundary of the report

There are no specific limitations.

3.8

Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations

In the period under review, there were no relevant changes to the structure of the Group that could have had a significant adverse impact on reporting (see 2.9, page 89).

3.9

Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations, applied to the compilation of the indicators and other information in the report

The guidelines and measurement requirements in the G3 guidelines of the Global Reporting Initiative (GRI) were applied in all cases where the nature of the data permitted such treatment. The key data published in the report was gathered by individual departments; the environmental key data was recorded using the environmental management system and compiled by the Reputation and Sustainability Management unit.

3.10

Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement

In 2010, Commerzbank reached key milestones in the process of integrating Dresdner Bank, including brand integration, integration of the investment bank and all international units, and HR integration (see Annual Report 2010, page 10). As a result, the data for 2010 in various areas of activity is not directly comparable with the data for previous years. In such cases, the report only contains the data for 2010. Otherwise, there were

no relevant changes to the presentation of information in most cases; exceptions are specifically noted at the relevant point.

3.11

Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report

In the reporting period, there were no significant changes in the scope of the report or the measurement methods applied. If a new measurement method has been applied in individual cases, this has been noted with the indicator concerned. The boundary of the prior report was Commerzbank AG Germany. The impact from the integration of Dresdner Bank on the comparability of data is described under item 2.9 on page 89.

GRI content index

3.12

Table identifying the location of the Standard Disclosures in the report

The detailed performance section of the Commerzbank's Corporate Responsibility Report 2011 is broken down in accordance with the requirements specified in the G3 guidelines of the Global Reporting Initiative. This section therefore simultaneously serves as a GRI content index.

External assurance

3.13

Policy and current practice with regard to seeking external assurance for the report

Although this report itself has not been audited by external parties, the environmental data has been verified, the environmental management system has been certified, and the data included in the Annual Report 2010 has been audited.

4. Governance, commitments and engagement

Information on the economic performance and corporate management of Commerzbank is, in particular, presented regularly and in detail as part of the Bank's external financial reporting (annual reports and interim reports). The focus of the presentation below is therefore on Commerzbank's performance and corporate management specifically in terms of environmental and social issues.

Corporate governance

4.1

Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight

See page 70 and Annual Report 2010, from page 45 (detailed corporate governance report).

4.2

Indicate whether the chair of the highest governance body is also an executive officer

No. As at 31 December 2010, Klaus-Peter Müller was Chairman of the Supervisory Board and Martin Blessing was Chairman of the Board of Managing Directors. See Annual Report 2010, page 26 et seq. (Board of Managing Directors) and page 34 et seq. (Supervisory Board).

4.3

For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members

This does not apply to Commerzbank, which has a Supervisory Board.

4.4

Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

Once a year, the Bank holds the Annual General Meeting. Its particular responsibilities are to decide on the appropriation of profits (if profits are reported), formal approval of the actions of the Board of Managing Directors and the Supervisory Board, appointment of the independent auditors and any amendments to the articles of association. Where appropriate, it may also issue authorisation for corporate action or consent for profit transfer agreements. In any voting by the Annual General Meeting, one share confers one vote. The Bank's shareholders may submit recommendations or make other comments by letter or email, or may present them in person. The head office quality management unit at the Bank is responsible for dealing with any written submissions. Comments or responses at the Annual General Meeting are given directly by the Board of Managing Directors or Supervisory Board. In addition, shareholders can have a say in the matters discussed at the Annual General Meeting by submitting counter-motions or supplementary motions for the agenda. An extraordinary general meeting may also be convened at the request of shareholders. The statutory

reports and documents required for the Annual General Meeting, including the Annual Report, can be accessed online, and the same applies to the agenda for the Annual General Meeting and any counter-motions or supplementary motions (see Annual Report 2010, page 50).

The Supervisory Board currently comprises 20 members, of whom 10 are elected by the employees. One of the Supervisory Board committees is the Conciliation Committee constituted in accordance with section 27 (3) German Codetermination Act. This committee was not required to meet during 2010 (see Annual Report 2010, page 32).

4.5

Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)

The members of the Supervisory Board receive a fixed remuneration, attendance fees and variable remuneration linked to dividends paid. Commerzbank did not pay any dividend for 2010 and therefore no variable remuneration was paid to the members of the Supervisory Board for 2010.

The new remuneration system for the Board of Managing Directors consists of two core components: a fixed basic annual salary and a variable remuneration component, the latter comprising a short-term incentive (STI) and a long-term incentive (LTI). The variable components include elements related to economic value added (i.e. related to consolidated profit net of the Bank's cost of capital) and share-based components. In accordance with regulatory requirements, the proportion of remuneration accounted for by the STI has been significantly reduced compared with the previous arrangements for the remuneration of the Board of Managing Directors. Conversely, the proportion accounted for by the fixed basic salary and, in particular, the LTI has been increased. The long-term components are only paid out after four years. Any negative performance over this period results in a reduction in the LTI entitlement. Remuneration is therefore linked to long-term performance (see Annual Report 2010, page 51 and page 59).

Since July 2010, customer loyalty – measured using the net promoter score, the key performance indicator for quantifying the willingness of customers to recommend the Bank to others – has also been factored in to the variable remuneration paid to the senior managers in the Private Customer segment.

4.6

Processes in place for the highest governance body to ensure conflicts of interest are avoided

Under section 3 (6) of the rules of procedure for the Supervisory Board, every member of the Supervisory Board must disclose conflicts of interest as defined by section 5.5 of the German Corporate Governance Code. No member of the Supervisory Board disclosed a conflict of interest in the year under review (see Annual Report 2010, page 49).

4.7

Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics

The Supervisory Board advises and monitors the Board of Managing Directors in the management of the business, whereas the Board of Managing Directors develops the corporate strategy and agrees it with the Supervisory Board (see Annual Report 2010, pages 48 and 49).

The skills and qualifications profile for members of the Supervisory Board of Commerzbank AG can be found on Commerzbank's website at www.commerzbank.com.

The objective is to seek the appointment of suitably qualified persons as members of the Supervisory Board, thus ensuring that the Supervisory Board can provide expert advice and exercise appropriate control over the executive management of the Bank. The composition of the Supervisory Board must be such that, in combination, its members have the necessary knowledge, expertise and specialist experience to carry out the responsibilities of the Supervisory Board properly.

Specific business skills and experience are required. The skills and qualifications profile for members of the Supervisory Board includes the requirement for an understanding of banking, the capability to understand and analyse documents related to the annual financial statements and reports submitted to the Supervisory Board as well as the capability to understand and analyse business decisions in terms of propriety, economic efficiency, appropriateness and compliance with the law; the profile also includes a requirement for business experience. From a social perspective, it is relevant that the profile requires the proposal of candidates with the integrity, commitment, independence and personality to take on the responsibilities of a member of a Supervisory Board in an international commercial bank and uphold the public image and reputation of the bank. When candidates are proposed for election to the Supervisory Board,

appropriate consideration must be given to the issues of diversity and a suitable proportion of women. The election of a proportion of the members of the Supervisory Board by employees also ensures that employee interests are duly represented. The skills and qualifications profile does not set out any specific requirements as regards expertise in environmental issues.

In addition, the Supervisory Board has agreed the following specific goals in implementation of section 5.4.1 (2) German Corporate Governance Code:

- The proportion of women on the Supervisory Board to be increased through an appropriate number of candidates for election at the Annual General Meeting 2013.
- At least one international representative to be retained.
- Specific expertise and knowledge in relation to the Bank to be taken into account.
- Specific knowledge and expertise in the application of accounting standards and internal control procedures to be taken into account.
- Members of the Supervisory Board to be independent and conflicts of interest to be avoided.
- Age limit of 72 years to be observed.

4.8

Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

Commerzbank has issued a large number of statements of values, guidelines and other guidance instruments related to the management of environmental and other types of non-financial performance at the Bank. Details can be found in the Annual Report 2010, on the Commerzbank website at www.commerzbank.com and in internal documents. Examples of key guidelines are as follows:

- ComWerte (see page 7)
- Business Conduct Guidelines (see page 130)
- Guidelines on corporate responsibility (see page 8)
- Commerzbank Environmental Guidelines (see page 80)
- Procurement guidelines, which include ethical guidelines (see page 131)

Other guidelines and policy documents – in particular relating to human rights and the armaments trade – are brought together on Commerzbank's sustainability portal (www.nachhaltigkeit.commerzbank.de) in the Governance section.

 www.commerzbank.com
 > About us > Group information > Management
 > Board of Managing Directors

www.commerzbank.com
 > About us > Compliance
 > Business Conduct Guidelines

www.nachhaltigkeit.commerzbank.de
 > Ökologie
 > Umweltpolitik



www.klima-und-finanzen.de

www.bikeandbusiness.de/en

www.cdproject.net

www.vielfalt-als-chance.de

www.cfi21.org

www.transparency.de/en

www.unglobalcompact.org

www.baumev.de

www.dgnb.de/en

www.umweltforum-rhein-main.de

www.vfu.de

4.9

Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence to or compliance with internationally agreed standards, codes of conduct, and principles

The Annual Report 2010 provides detailed information on the overall management of the company, in particular with regard to environmental issues. For example, the division of responsibilities between the Board of Managing Directors and the Supervisory Board is described on pages 48 and 49 of the Annual Report.

As regards relevant risk, the Annual Report 2010 also includes a detailed risk report for the group from page 161 onwards. Among other things, the Board of Managing Directors and the Supervisory Board receive quarterly reports on material non-quantifiable risk (including reputational risk) at Commerzbank (see page 70 et seq.). The analysis of environmental, social and ethical risk as part of reputational risk management is factored into the Bank's overall risk strategy and management.

4.10

Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance

The audit of the efficiency of the Supervisory Board is described in the Annual Report 2010 on page 49.

Commitments to external initiatives

4.11

Explanation of whether and how the precautionary approach or principle is addressed by the organisation

It is a key objective of Commerzbank to ensure that all the Bank's risk is identified, monitored and managed in full using adequate procedures (Annual Report 2010, page 161). Among other things, Commerzbank's Reputation and Sustainability Management unit checks all finance arrangements and business relationships with a material environmental, ethical or social dimension in order to ensure that the precautionary principle is applied (see page 70). This is also supported by the Bank's proactive approach to climate protection, which includes a comprehensive review of risks and opportunities for Commerzbank arising in connection with climate issues (see page 46 and page 103).

4.12

Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses

Commerzbank is involved in the implementation of a large number of externally developed charters, principles and initiatives. Our approach here is the same as that at the beginning of the "Governance, commitments and engagement" section: the list here focuses on environmental and social issues rather than on a detailed listing of all relevant initiatives. Important examples include:

- "Climate and finance" campaign week organised by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
- Bike + Business
- Carbon Disclosure Project
- Diversity Charter
- DAX 30 declaration on women in management positions
- "Climate Change Finance Forum", an initiative from the German Federal Ministry of Education and Research
- Transparency International
- UN Global Compact

4.13

Memberships in associations (such as industry associations) and/or national/international advocacy organisations

As in the list in 4.12, the following list only includes significant non-financial associations and advocacy organisations:

- German Environmental Management Association (B.A.U.M.)
- German Sustainable Building Council (DGNB)
- Rhine-Main Office and Building Ecology Network (NBG)
- Rhine-Main Environmental Forum
- German Association for Environmental Management and Sustainability in Financial Institutions (VfU)

Stakeholder engagement

4.14

List of stakeholder groups engaged by the organisation

The following stakeholder groups are of particular importance for Commerzbank:

- Customers
- Suppliers
- Employees
- Media
- Non-governmental organisations
- Society
- Capital markets
- Political and legislative bodies
- Academic and research institutions
- Shareholders

See pages 8 and 9 together with the detailed stakeholder dialogue information in the Governance section of Commerzbank's sustainability portal at www.nachhaltigkeit.commerzbank.de.

4.15

Basis for identification and selection of stakeholders with whom to engage

Commerzbank maintains relationships with all organisations and groups that come to the Bank with requests, wishes or suggestions. The stakeholders listed under 4.14 have been identified as particularly important as far as the Bank's stakeholder dialogue is concerned because they satisfy the following criteria:

- the stakeholder group has a significant impact on the economic, environmental or social performance of Commerzbank and/or
- the stakeholder group is significantly affected by the economic, environmental or social performance of Commerzbank.

4.16

Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group

The approach and specific implementation of dialogue with each stakeholder group is described in detail in the Governance section of Commerzbank's sustainability portal (www.nachhaltigkeit.commerzbank.de). The sustainability portal describes a number of different types of dialogue, including the following (selection):

the "Commerzbank in dialogue" series of events for any interested members of the public, customer surveys, communication with suppliers on sustainable procurement and on ethics guidelines, regular employee surveys, transparent and active communication with the media, forum for dialogue between banks and non-governmental organisations, information sharing with not-for-profit organisations on corporate social responsibility, meetings with analysts and Investors' Day for capital markets, "Political breakfast" series of events in Berlin and information sharing between Commerzbank Center of Competence Renewable Energies and politicians and academics.


More details on the "Commerzbank in dialogue" and "Political breakfast" events in Berlin, and on the NGO-Banks dialogue forum, can also be found in this report (see page 9) and, in particular, in the CR programme (see page 78). In addition, this report contains further information on customer surveys (see page 22 and page 141), the "UnternehmerPerspektiven" initiative for corporate customers (see page 13), staff surveys (see page 122) and on information sharing between the Center of Competence Renewable Energies and academics (see page 46).

4.17

Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting

The details of views exchanged with the various stakeholder groups, i.e. feedback and matters raised by the various groups, are described in the Governance section of Commerzbank's sustainability portal (www.nachhaltigkeit.commerzbank.de) and in this report, broken down by stakeholder group.

Particular prominence is given to the outcome and consequences of the different employee surveys (see page 122) and the surveys of private customers (see page 23) and corporate customers (see page 141).

 www.commerzbank-in-dialogue.de/en
www.urgewald.org

Financial Services Sector Supplement: Product and service impact

The range of products and services offered by financial service providers allows these providers to promote sustainable development although it is of course the customers who ultimately decide the solutions actually used. Commerzbank already offers its customers a range of sustainable products and services but it aims to expand its range even further in the future.

A brief overview of these products and services is set out on the following pages. Examples and the context of Commerzbank's activities in this area are also described on pages 16 to 17, 24 to 25, 46 to 47 and 52 to 53.

Disclosures on management approach, product and service impact (DMA FSSS, including FS1 to FS5)

The Corporate Responsibility Guidelines to which Commerzbank has committed demonstrate the high degree of importance that the Bank attaches to this particular responsibility. The basic principles of corporate responsibility form a significant integral part of the corporate culture, are firmly embedded in the core business and represent a substantial feature of the operating banking business and internal work processes. Business and project finance along the entire value chain for renewable energy sources forms the core of Commerzbank's portfolio of sustainable products and services. Commerzbank is also active in the emissions trading market, a promising future source of business. In addition to this, 2009 saw the launch of a new service known as "climate:coach", an advisory service on energy efficiency and CO₂ emissions for SME customers. The range of sustainable products and services also includes special financial support services for particular target groups, such as further education loans from the KfW development bank which enable students to cover living costs independently from the income of their parents.

Commerzbank's Reputation and Sustainability Management unit carries out detailed checks on, and assesses, all finance arrangements and business relationships with a material environmental, ethical or social dimension (see pages 70 to 71).

Reputational risk management is an integral part of central business processes, particularly in the Mittelstandsbank segment – starting from an analysis of new customers through to annual renewal of facilities. The checks carried out as part of reputational risk management consider all the principles of the UN Global Compact and a range of internal guidelines and policies. One example is the Bank's approach to dam projects, where the checks carried out as part of reputational risk management establish, for example, whether an environmental impact assessment has been carried out for the planned project and, if so, which standards were used as the basis for the assessment. Key questions that are reviewed include:

- To what extent will the construction of the dam have a direct impact on quality of life for local inhabitants?
- Will the local population have to be relocated?
- Will there be any impact on food supply or biodiversity?
- Will any heritage sites be destroyed?

The management of reputational risk throughout the group ensures that environmental, ethical and social concerns and guidelines are factored into the business activities of Commerzbank. The strategy for reputational risk forms an integral part of our overall risk strategy. Reputational risk management is therefore subject to the normal internal reviews (internal audit, for example) and external reviews (for example by regulators). Reputational risk is also included in a quarterly report on non-quantifiable risk to the Supervisory Board's Risk Committee.

Commerzbank is conscious that banks can exercise influence outside their own organisations as far as sustainability is concerned if they actively address sustainability issues with their corporate customers and entities in their investment portfolios. The Bank still does not have much data on sustainability discussions with other companies but, from mid-2011, all equities recommendations by the Bank will nevertheless be subject to a process of evaluation against clear sustainability criteria, a process that can lead to the rejection of some equities.

Aspect: Product portfolio

The validation tools used by the Bank in business decisions – regardless of whether these are general or specific decisions – also include criteria related to environmental and social responsibility. These criteria include the following:

Responsible lending

Lending decisions by the Mittelstandsbank segment are consistently based on the future prospects of the borrower. In the future, the extent to which these prospects are factored in to the customer's credit rating will be further stepped up using data from budget figures and industry forecasts. Priority is always given to the security of repayment of the loan. Every lending assessment includes an evaluation of environmental risk; if environmental aspects are of special significance in the context of a loan or in respect of a corporate customer, external experts are engaged to carry out a professional assessment of the environmental risk.

Export finance

The Mittelstandsbank provides export finance services for its customers, which are predominantly based in Germany and other European countries. The Bank supports the export of durable capital goods by these customers by offering loans or credits linked to the delivery of the goods. They are largely secured by guarantees provided by the exporting countries. In its assessment of the environmental relevance of transactions, the Bank relies on the checks conducted in all cases by the national credit insurer as part of the process for issuing the guarantee. In Germany, the checks are carried out by a consortium comprising Euler Hermes Kreditversicherungs-AG and Price-waterhouseCoopers AG and are based on the Common Approaches agreed by the Organisation for Economic Co-operation and Development (OECD) for the issue of governmental export credit insurance (including insurance to cover project finance). These approaches classify transactions according to the relevance of their

environmental and/or social impact, the three possible categories being high, medium or low. The credit insurer reviews the transactions with high or medium relevance against the legislation in the destination country and international criteria, normally those of the World Bank. In the case of particularly sensitive transactions, detailed environmental impact studies must be submitted; in other cases, conditions may be imposed and compliance with these conditions must be regularly monitored during the implementation phase.

Project finance / structured finance

Around 85% of the project finance provided by Commerzbank is concentrated on projects in Europe and compliance with national environmental guidelines is monitored as part of a standard due diligence process. To date, Commerzbank has only been involved in projects in developing countries in exceptional cases. When financing such projects, the Bank always aims to work in close cooperation either with supranational institutions such as the International Finance Corporation (IFC) or with national export credit insurance agencies. Therefore, the standards applied by the supranational institutions or national export credit insurance agencies (OECD Common Approaches) automatically apply.

Special check on sustainability impact

Since 2005, Commerzbank's Reputation and Sustainability Management unit has carried out detailed checks on, and assessed, all finance arrangements and business relationships with a material environmental, ethical or social dimension (see pages 70 to 71). In certain circumstances, the results of these checks could mean that the application for finance is rejected.

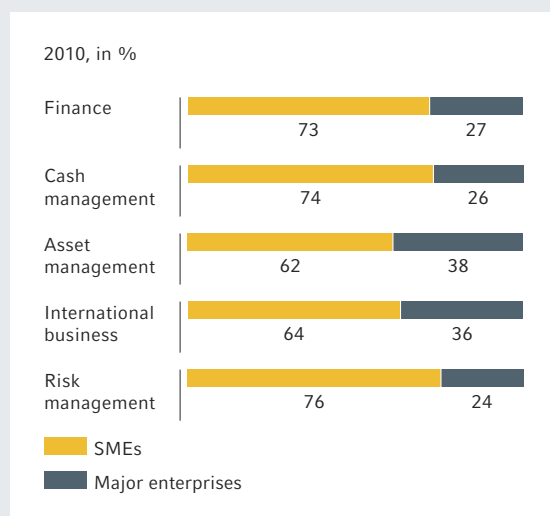
FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector

In the Mittelstandsbank segment, the customer portfolio is broken down into SME customers (sales revenue between €2.5 million and €250 million per year) and major enterprises (sales revenue of more than €250 million per year). Very small businesses are covered by the Private Customers segment.

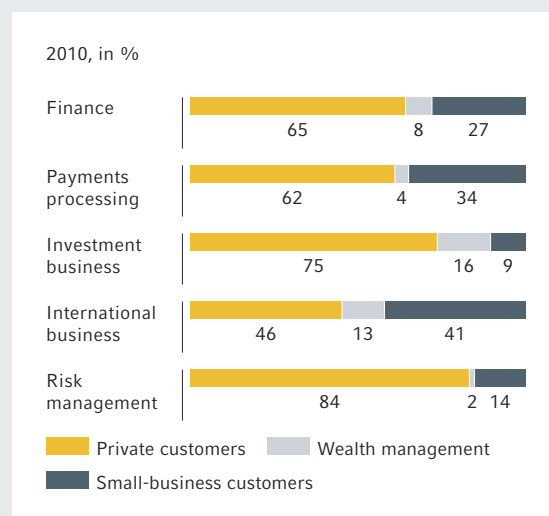
Most of the Bank's business for all types of products and services is with SME customers, who account for approximately three quarters of finance, cash management and risk management business, and around two thirds of asset management and international business.

- Fully covered
- ◐ Partially covered
- Not covered
- ✂ Not relevant

Breakdown of Mittelstandsbank product and service portfolio by size of customer

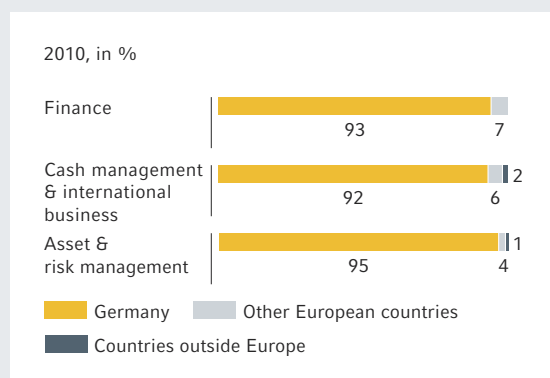


Breakdown of Private Customer product and service portfolio by customer group



As regards regional breakdown, more than 90% of the volume in all business areas is accounted for by business in Germany.

Breakdown of Mittelstandsbank product and service portfolio by customer location



Commerzbank does not currently have a breakdown of business by sector. However, the Bank plans to be able to compile the relevant data within the next two to three years.

In retail banking business (Private Customers segment), which also includes the Wealth Management unit and customer relationship for small business customers, private customers account for the greatest proportion of risk management and investment business. The greatest proportion of wealth management activity is in investment and international business, whereas small-business customers account for a significant proportion of both international and payment processing business.

The Bank does not currently have a breakdown of business activity by region or, in the case of small-business customers, by sector. One of the main reasons for this is that the unit supporting small-business customers was only set up on 1 July 2011 (new small-business customer centre established). The Bank plans to undertake a detailed sector breakdown by 2012/2013 after the small-business customer business model has been implemented and consolidated.

● FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose

It is not easy to separate products and services designed to deliver a specific social benefit from other products and services because the social benefit largely depends on the customer's motives for buying the product or service and these motives are beyond any analysis that Commerzbank can carry out. It is impossible to say whether a product or service has been purchased to satisfy a social need or as part of a purely commercial transaction. The Bank does not therefore have any reliable data on absolute or relative volumes in each case. Nevertheless, the Bank does have a range of products and services, particularly in its Private Customer segment, that include a social benefit component, as demonstrated by the following examples.

The “Payments & Finance” range of services includes student loans in conjunction with the KfW development bank. The KfW loan provides young customers with some financial flexibility during their initial studies, regardless of the income and financial circumstances of the student or his/her parents. In 2010, the KfW development bank committed to 1,261 loans based on applications submitted via Commerzbank. The Bank also offers finance to support small business start-ups. In this case, Commerzbank supports all kinds of business start-up – which often results in the creation of jobs – generally in conjunction with public sector banks such as the KfW development bank and banks such as L-Bank operating at a regional level.

In its “Savings & Investments” range of services, Commerzbank offers solutions for the management of charitable foundations. This includes advice on planning private foundations and services to support the establishment of trusts and independent foundations either during the lifetime of the benefactor or on death by means of a will. In its foundation management unit, Commerzbank AG is currently providing support for approximately 300 trusts and independent foundations on an ongoing basis. The Bank also offers special investment solutions for foundations. In addition, Commerzbank AG has a wholly owned subsidiary, Commerz-StiftungsTreuhand GmbH, which is able to act as a trustee if required.

The Bank has recently introduced a scheme as part of its “Home Build & Purchase” services to provide customers with financial assistance for the conversion of buildings to meet special age-related and other needs. In this scheme – which is run in collaboration with the KfW development bank – Commerzbank provides support for conversion work that helps to improve the quality of life for the elderly, the disabled and families with children. Examples include the removal of barriers according to the requirements of the individual concerned and the installation of intelligent domestic technology. The services that the Bank provides as part of its general home loans savings business – the volume of which amounted to some €1.25 billion in 2010 – also help (young) families who are first-time buyers in the housing market.

The “Financial Security” services include, not least, “Riester” pensions (pensions with a subsidy from the German government), which serve to prevent poverty in old age. Commerzbank expects Riester pension plans – which are one of the pillars of private pension provision in Germany – to become even more important in the future as the need to finance long-term care in old age becomes ever more pressing as the over-

all population continues to age. Riester pensions are currently worth a total of around €400 million. This range of services also includes long-term care insurance in order to fund the expense of future care at home or in a nursing home as well as an insurance scheme covering occupational invalidity and surviving dependants aimed at providing financial security for families, cushioning the loss of a salary if an insured event should materialise and preventing families falling into poverty.

Customers can sign up for schemes covering long-term care, incapacity and surviving dependants either separately or as components within comprehensive pension provision arrangements and there are therefore currently no reliable figures to describe the extent of these products and services with social benefit.

● **FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose**

Products and services designed to deliver specific environmental benefit are offered by Commerzbank as part of a range of schemes. It is only possible to provide details of the volume and proportion accounted for by such products and services within a wider product category in some cases; in many instances, no clear distinction can be drawn between these products and services and other business because the environmental benefit is largely dependent on the motives of the buyer or on the customer’s detailed capital investment procedures, which either wholly or for the most part lie beyond any analysis that Commerzbank can carry out.

In the Private Customers segment, it is possible to arrive at an estimate of volume in relation to investment products within the “Savings & Investments” business. This segment offers investments in closed-end funds for the sustainable timber and solar energy industries, such as:

- CFB 177 – Solar Deutschland 3, HAJOSINTA Beteiligungsgesellschaft mbH & Co. Solarkraftwerke KG, 2010
- KGAL InfraClass Energie 5, Infra Class Energie 5 GmbH & Co. KG, 2010
- KGAL InfraClass Energie 7, Infra Class Energie 7 GmbH & Co. KG, 2010

The volume of the investments in the closed-end funds in this case amounted to €68.8 million compared with a volume of €419 million for the entire product category, which equates to a proportion of 16.4%.

The range of options offered by Commerzbank regularly includes a selection of sustainable investment funds. Products include, for example:

- Sarasin OekoSar Equity – Global
- Pioneer Funds Global Ecology A No Dis EUR
- BGF New Energy Fund
- Allianz-dit Global EcoTrends – A – EUR
- SAM Sustainable Water Fund B
- Pictet-Wasser-P EUR

More detailed information on the options offered by Commerzbank in connection with sustainability funds and other funds related to the sustainable use of energy can be found on page 24

In 2010, as part of its “Savings & Investments” business, the Bank launched individual investment ideas linked to sustainable investment opportunities, renewable energies and special environmental topics. From July 2011, the concept of sustainability is also being factored into the Bank’s investment process in general. For example, all analysed equities are being subjected to a three-stage selection process. In the first stage, the equities of any companies that are clearly in breach of human rights conventions or UN standards are ruled out as a matter of principle. This includes, for example, producers of anti-personnel mines or cluster bombs. Such equities are therefore not selected. In the second stage of the process, the remaining equities are analysed using the methodology of conventional research into fundamentals in which the equities are examined from the perspective of future pricing potential. The equities selected in stage two then undergo comprehensive sustainability screening in the third stage of the process, where we take into account environmental and social criteria as well as compliance with corporate governance requirements. This enables us to filter out the most sustainable companies in a sector using a “best in class” approach. This sustainability screening is carried out in collaboration with an external service provider. This modification of the investment process ensures that sustainability considerations form a permanent part of our investment assessments and that we are able to provide our customers with assistance on sustainable investment decisions. Sustainability therefore also plays a key role in our approach to asset management.

Finance options as part of various environmental and energy-saving programmes are offered in the “Payments & Finance” business. Commerzbank – together with the public-sector development banks if required – provides private customers or business customers with finance, for example, for solar power systems to be installed on factory roofs or for the acquisition of low-emission commercial vehicles. In this area of business, Commerzbank is working in partnership with the KfW development bank to provide funding specifically for business customers in Germany to implement general environmental protection and energy efficiency measures as part of the “ERP environmental and energy efficiency programme”. The action taken under this programme must result in significant environmental improvements, for example by avoiding the consumption of paper or achieving lower carbon emissions.

In its “Home Build & Purchase” business, Commerzbank supports modernisation, renovation and other construction work that improves the life cycle assessment of property. The financial support in this case is generally provided in conjunction with public-sector banks such as the KfW development bank. Finance for property improvement measures to increase energy efficiency, such as insulation and the use of renewable energies, is also provided as part of Commerzbank’s home loans savings business, the total volume of which amounted to around €1.25 billion in 2010. It is not possible to provide a use-based breakdown of products and services with environmental added value because the motives for and use of home loan savings contracts vary from customer to customer and Commerzbank does not have any details from customers on the intended use of home loan savings funds. Commerzbank is assuming that energy efficiency aspects of home loan savings activities will tend to become increasingly important.

In addition, the Private Customer segment offers products and services with environmental added value in its “Financial Security” business. The range of fund-linked insurance products for retirement pension purposes includes funds such as the Allianz RCM Global Sustainability fund among others.

The Mittelstandsbank segment also offers a range of products and services with environmental added value. The range includes, for example, hybrid funding arrangements under the “SolarLight” scheme in which Commerzbank offers finance to SMEs for a very attractive capital investment in solar power systems combined with a lean process for approval of the finance and installation of the system. This scheme is available for any

solar power system requiring an investment of €250,000 or more. The Bank also offers non-recourse project finance for renewable energy projects (wind and solar energy) with a minimum funding requirement of €10 million in Germany or €20 million outside Germany (including all associated supplementary services such as currency hedging). Global responsibility for this business lies with Commerzbank's Center of Competence Renewable Energies (see page 46).

Aspect: Audit

● FS9 Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures

The management of reputational risk throughout the group ensures that environmental, ethical and social concerns and guidelines are factored into the business activities of Commerzbank. The strategy for reputational risk forms an integral part of our overall risk strategy. Reputational risk management is therefore subject to the normal internal reviews (internal audit, for example) and external reviews (for example by regulators).

Aspect: Active ownership

Commerzbank can exercise influence outside its own organisation as far as sustainability is concerned if it actively addresses sustainability issues with corporate customers and entities in its investment portfolio. The Bank considers this to be an issue relevant to sustainability management but at the moment still has little specific data in this regard.

● FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues

Currently, Commerzbank does not have any reliable statistical data on companies in the investment portfolio or in the customer portfolio with which it has interacted on environmental or social issues. One of the main reasons for this is that the unit supporting small-business customers was only set up on 1 July 2011 (new small-business customer centre established). However, the Bank plans to be able to compile the relevant data within the next two to three years.

● FS11 Percentage of assets subject to positive and negative environmental or social screening

From mid-2011, all equity recommendations by the Bank will be subject to a process of evaluation against clear sustainability criteria, a process that can lead to the rejection of some equities – see also FS8.

● FS12 Voting policy or policies applied to environmental or social issues for shares in respect of which the reporting organisation holds the right to vote or advises on voting

Commerzbank exercises voting rights at annual general meetings in Germany on behalf of investment account customers who have appointed the Bank as a proxy on an ongoing basis and also submits its own proposals to its investment account customers as to how votes should be cast. Votes are cast on behalf of customers in accordance with the Bank's own proposals unless the Bank is instructed otherwise by the customer. The use of proxies prevents random majorities at annual general meetings, an arrangement that is in the best interests of shareholders and also the companies themselves. Approximately 20% of investment account customers already use the procedure allowing the Bank to act as a general proxy. This does not include any voting guidelines on environmental or social issues because such matters form part of the core responsibilities of the senior management of the company concerned and are therefore not normally submitted to the annual general meeting for a decision by the shareholders unless this is specifically demanded by the company's management board (see also section 119 German Stock Corporation Act (AktG)).

At the very least, this system for exercising voting rights on behalf of investment account holders helps to ensure that the communication process is as environmentally friendly as possible because the account holder does not have to send back a response, either in hard copy or any other form, if he/she agrees with the Bank's voting intention. This option is based on a change to the law in 2009: the introduction of the German Act Implementing the Shareholder Rights Directive (ARUG) permitted information relating to the annual general meeting of a company to be transmitted electronically directly to the Bank's customer (the shareholder). As now permitted within this framework, Commerzbank will make the company's voting documents available to shareholders via the personal online banking portal. As a result, there will no longer be any need to send hardcopy documents to customers who have registered for this method of document notification.

Economic

 www.commerzbank.com
> Investor Relations
> Publications and
events > Financial
reports
www.cdproject.net

Success in the marketplace is one of Commerzbank's fundamental objectives. The 2010 financial year was a successful year for the Bank despite the challenging environment caused by the financial crisis. The integration of Dresdner Bank was largely completed by the end of 2010, with remaining areas, notably IT integration, successfully completed in the second quarter of 2011. A detailed description and assessment of company results can be found in the letters from the Chairman of the Board of Managing Directors to Commerzbank shareholders in the Annual Report 2010 (see pages 20 to 25) and in the interim reports during 2011.

Disclosures on management approach – economic (DMA-EC)

The economic performance of the Bank is the core aspect of corporate strategy and, as such, is managed by the highest levels of executive management and supervision in the organisation. The key elements of the management approach for economic performance are therefore described in the Annual Report 2010. These elements include the areas of responsibility of the Board of Managing Directors which is independently accountable for managing the business in the best interests of the Bank. In doing so, it must take into account the interests of shareholders, customers, employees and other stakeholders with the objective of achieving sustainable value creation (see Annual Report, page 48). The Supervisory Board advises and monitors the Board of Managing Directors in its management of the Bank and works in close cooperation with the Board of Managing Directors (see Annual Report, page 49). The composition of the Board of Managing Directors and the Supervisory Board is also described in the Annual Report (see page 26 et seq. and pages 34 to 36).

Detailed, transparent reports are presented on the economic performance of the Bank (see Annual Report, page 81 onwards). Risks and opportunities in connection with climate change are published as part of the Carbon Disclosure Project. For details on the repayment of the silent participations from the Financial Market Stabilisation Fund (SoFFin), see EC4, page 104.

As regards the Bank's local offices in each of its markets, no employees at any of the Bank's sites are on the minimum wage and, when appointments are made, there is no discrimination against, or preference given to, members of the local community. Procurement guidelines do not include any requirements in relation to local suppliers, although there is a single exception: only service providers operating on a nationwide basis are used for some services in Germany, for example services in connection with buildings.

A significant aspect of Commerzbank's indirect economic impact is the Bank's extensive support for not-for-profit organisations, specifically its commitment to education, art, the wider arts and social causes. Other features of its social responsibility activities include (environmental) education and sponsorship as part of key partnerships in sport. Commerzbank also has a tradition of organising a joint response with its employees and customers to any major disasters around the globe in which it supports relief efforts for the victims. In addition, the indirect economic impact of the Bank includes its role as a key funding provider for SMEs and its position as market leader in the processing of Germany's exports.

Aspect: Economic performance

Core elements of Commerzbank's economic performance can be seen in the table of economic value generated and distributed, as shown below, and in other data sources. Other relevant issues include the possible economic impact from climate change, from long-term pension provision for employees and from the involvement of the public sector. As regards the latter, the Bank reached a significant milestone in the second quarter of 2011 when it was able to repay the bulk of the silent participations from the Financial Market Stabilisation Fund (SoFFin).

● EC1 Direct economic value generated and distributed

The following table shows key indicators relating to economic value generated and distributed, the figures being presented in accordance with GRI requirements. The figures shown are consolidated figures for the Commerzbank Group:

- Fully covered
- ◐ Partially covered
- Not covered
- ✂ Not relevant

€ million	2009	2010
Direct economic value created:		
Income		
Net interest income after provisions	2,960	4,555
Net commission income	3,773	3,647
Net trading income and net income on hedge accounting	-409	1,958
Net investment income	417	108
Current income on companies accounted for using the equity method	15	35
Other net income	-22	-131
Other economic values		
Operating expenses	9,004	8,786
of which personnel expenses (wages, salaries and benefits)	4,698	4,418
Restructuring expenses	1,621	33
Impairments of goodwill and brand names	768	-
Pre-tax profit/loss	-4,659	1,353
Taxes on income	-26	-136
Consolidated profit/loss	-4,633	1,489
Consolidated profit/loss attributable to non-controlling interests	-96	59
Consolidated profit/loss attributable to Commerzbank shareholders	-4,537	1,430

For information on the Bank's "community investment", see the details under EC8 on page 105 relating to Commerzbank's charitable foundations and the funds they have distributed. Commerzbank did not distribute any dividend for 2009 or 2010.

● EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change

The risks presented by climate change form part of the Bank's risk strategy and its overall risk management. The risk management system includes climate change issues in its analysis and assessment of country and sector-specific risks.

In addition, the Bank reviews and assesses environmental risk – which is also an aspect of climate change – as part of its management of reputational risk using a qualitative approach. The Reputation and Sustainability Management unit is responsible for managing this risk (see pages 70 to 71). All transactions and business relationships at Commerzbank in which aspects of climate change play a material role are extensively researched and analysed, and are subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of

the business relationship. Currently, the Bank's activities in this regard are focused on corporate customers and interbank business, particularly where the business involves project finance, export finance or structured finance. The Bank also pays particular attention to reviewing, for example, proposed finance for CO₂-intensive types of energy sources so that it can identify climate risk at an early stage and respond accordingly. In the case of proposed finance deals in connection with fossil fuels (crude oil, natural gas, coal), reputational risk management undertakes a range of investigations including checks into how the company concerned will conduct the exploration of the oil/gas fields or coal reserves and checks to establish whether high conservation value areas, UNESCO World Heritage sites or other conservation areas will be protected. These checks are regularly conducted with the involvement of local specialists or non-governmental organisations. The Bank's assessment of the extraction of raw materials from oil sands provides a good illustration of Commerzbank's position in relation to these risks. Reputational risk managers have closely followed the debate on the carbon footprint from the extraction of oil from tar sand and the contentious issues surrounding similar processes for extracting oil and natural gas. As a result, they have decided to avoid all financial transactions connected with these controversial industries.

The responsibilities of the Reputation and Sustainability Management unit also include identifying and assessing possible opportunities in connection with climate change and then ensuring that these opportunities can be exploited by the Bank. The unit is located within the senior management levels of the Bank and works in close cooperation with other departments and divisions. The unit's employees monitor and evaluate ongoing debates and knowledge in relation to climate change and maintain an active dialogue on these issues with the Bank's stakeholders (see pages 39, 52 and 109). Commerzbank also looks at climate issues from the perspective of new business opportunities. The overarching objectives of Commerzbank's climate strategy include making the Bank's core business activities more sustainable and offering innovative products and services that promote climate protection (see pages 16 and 39). For example, emissions trading and financing renewable energy sources and energy efficiency measures (such as through the "climate:coach" initiative) represent huge potential markets for new business.

● **EC3 Coverage of the organisation's defined benefit plan obligations**

All Commerzbank employees with permanent employment contracts receive occupational pension benefits. These benefits comprise a direct pension entitlement from Commerzbank (defined benefit plan) and an indirect pension entitlement (defined contribution plan) via BVV, an external private pension provider for employees in the financial sector in Germany.

Detailed disclosures on pension commitments and on the calculation of the corresponding provisions can be found in the Annual Report 2010 (page 232 et seq.). The information includes disclosures on the amount of the pension obligations, the extent of funding through plan assets (page 272 et seq.), pension and other post-employment benefit expenses, and the fair value of the plan assets (page 274).

● **EC4 Significant financial assistance received from government**

In the year under review, Commerzbank did not receive any noteworthy subsidies, tax relief or other financial assistance from the government.

In the second quarter of 2011, Commerzbank repaid around 90% of the €16.2 billion in silent participations from the Financial Market Stabilisation Fund (SoFFin). The support from this fund has therefore been largely redeemed. The Bank plans to repay the residual amount of €1.9 billion by 2014 at the latest. The repayment amount of €14.3 billion comprised two components: approximately €3.3 billion was derived from free regulatory capital, with some €11 billion being obtained from increases in capital. In the capital increases, around €8.25 billion was placed via the capital market; SoFFin also converted approximately €2.75 billion of its silent participations into Commerzbank shares in order to maintain its holding in the subscribed capital of Commerzbank at 25% plus one share. In addition, SoFFin received a one-off payment of €1.03 billion in connection with the repayment of the silent participations.

The capital increases comprised a two-stage package of measures aimed at attracting new investors, protecting the interests of existing shareholders and ensuring the greatest possible level of transaction security.

In the first stage, organised through an international syndicate of banks from 6 April 2011, approximately 1.0 billion conditional mandatory exchangeable notes (CoMENS) were offered to the existing shareholders and placed with national and international investors in a bookbuilding procedure. Under the offer, subscription rights for the CoMENS were offered to shareholders who held Commerzbank shares at close of trading on 6 April 2011 on the basis that one CoMEN could be subscribed for each share held. In the bookbuilding procedure, the subscription price was fixed at €4.25 per CoMEN, which equated to a total of €4.3 billion for the issue. On the basis of a resolution passed by the Annual General Meeting held on 6 May 2011, around 1.0 billion CoMENS were converted into Commerzbank shares on 12 May 2011, each of these shares to have dividend rights from 1 January 2011. As planned, the new shares were created by the conversion of SoFFin's silent participations. SoFFin received the gross proceeds of approximately €4.3 billion from the placement of the CoMENS as consideration. The issue price of €4.25 per share for the new no-par-value shares from the new conditional capital was the same as the subscription price for the CoMENS, as planned. The corresponding conditional capital of around €1.3 billion necessary to create the shares required for the conversion was entered in the commercial register on 9 May 2011. On 12 May 2011, SoFFin converted further silent participations worth around €1.4 billion into approximately 334.7 million Commerzbank shares from this conditional capital. At the conclusion of the initial stage of the capital increase, there were therefore around 2.7 billion Commerzbank shares outstanding in total.

The second stage involved a rights issue, i.e. an issue of shares with pre-emptive rights for existing shareholders, in which pre-emptive rights also attached to the shares delivered in the first stage in exchange for CoMENS. Based on a resolution passed by the Annual General Meeting on 6 May 2011, and with the consent of the Supervisory Board, the Board of Managing Directors of Commerzbank set the subscription price at €2.18 per share. This rights issue involved the issue of around 2.4 billion new shares with dividend rights from 1 January 2011. This action therefore generated total proceeds of approximately €5.3 billion. The proportion of pre-emptive rights exercised by the holders of the rights was 99.94%. The new shares not subscribed (approximately 1.5 million) and the 1.4 million new shares resulting from fractional amounts for which pre-emptive rights had been disappplied were taken up by the market. As agreed, SoFFin exercised its full allotment of pre-emptive rights under the rights issue.

The capital increase was entered in the commercial register on 6 June 2011. At the conclusion of both stages of the capital increase, there were 5.1 billion Commerzbank shares outstanding in total.

Aspect: Market presence

Commerzbank helps to support the economy at each of its locations. This is achieved directly via the payment of wages and salaries, business relationships with suppliers and charitable donations, and indirectly via the Bank's function as a financial service provider, the availability of such services being a prerequisite for a vast amount of other economic activity.

● EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

At Commerzbank AG in Germany, salaries at the lower level are governed by the framework collective agreement for banks in the private sector. Employees on higher salaries are paid at rates outside the collectively negotiated pay scale.

Since the last increase in collectively agreed pay in January 2011, the lowest pay-scale salary in salary bracket 1 is in the first and second year of employment at €1,929 per month. The lowest-paid group of employees (a total of 3) are currently in salary bracket 1 in their eighth year of employment (€2,277 per month). Therefore, there are no employees at any of the Bank's locations in the minimum wage segment and the issue as to whether local minimum wage requirements are being implemented at each location is not relevant in Commerzbank's case.

● EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation

Commerzbank AG's procurement guidelines do not include any directives requiring the Bank to give preference to local suppliers, particularly suppliers from certain countries. In the case of some services in Germany, for example those in connection with the operation of buildings, there is a requirement that only service providers operating countrywide may be used. When selecting suppliers, Commerzbank generally attaches a great deal of importance to a long-term procurement relationship and compliance with the ethical principles specified in the procurement guidelines (see page 131).

● EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation

Commerzbank does not pursue any HR policy or undertake any recruitment practices involving discrimination against, or preference in favour of, members of local communities when appointing personnel. It is not possible to disclose data on the local origin of employees for reasons of data protection. Please see the performance indicator LA13 on page 128 for disclosures in relation to the nationality of Commerzbank employees.


Aspect: Indirect economic impacts

● EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement

As far as Commerzbank is concerned, a commitment to charitable foundations forms an integral part of its corporate responsibility. The Commerzbank Foundation established in 1970 supports projects in the areas of education, visual arts and the wider arts as well as social initiatives. Since 1977, the Jürgen Ponto Foundation has supported promising young artists in Germany. The Dresdner Bank Dresden Cultural Foundation has been promoting cultural and academic projects in Dresden for the last 20 years.

Decisions on which projects to support are taken by the individual foundation's board of trustees in accordance with the object of the foundation concerned. The Bank's foundations often work in close cooperation with various prestigious institutions and establishments, primarily in Germany. They give priority, first and foremost, to long-term projects.

The Commerzbank Foundation – which is more oriented towards the provision of financial assistance – receives proposals and suggestions for projects that it could possibly support from its nationwide network of partner organisations, such as the German Foundation for Monument Protection and the Stifterverband association for promoting higher education opportunities in Germany. The Commerzbank Foundation thus does not need to carry out its own foundation-wide analysis of needs. The Jürgen Ponto Foundation – which tends to take a more hands-on approach – develops its own programmes with a substantial input of expertise from distinguished representatives of the arts in Germany. The Dresdner Bank Dresden Cultural Foundation makes use of its extensive network of contacts across the Dresden arts scene to assess the large number of applications for support and identify those projects that will give a valuable boost to the range of arts events and projects in the city.

 www.commerzbank.com
> About us > Foundation Centre

Breakdown of financial assistance and total funds distributed

Beneficiary	Commerzbank Foundation support breakdown		Jürgen Ponto Foundation support breakdown		Dresdner Bank Dresden Cultural Foundation support breakdown	
in %	2009	2010	2009	2010	2009	2010
Social causes	22.4	23.2				
Visual arts and the wider arts	31.0	41.2	100	100	92.9	93.1
Education and research	44.6	35.6			7.1	6.9
Total financial support given (€)	1,248.5	1,462.9	141,000	192,000	357,000	320,000

In addition, Commerzbank's six charitable foundations provide assistance for the Bank's employees, retirees and their families who find themselves in financial need through no fault of their own. The Bank's first charitable foundation – the Bankdirektor Amandus de la Roy Foundation – was set up back in 1945.

The table on page 64 also shows a detailed overview of Commerzbank's charitable foundations.

Endowment capital of the foundations

2010 € million	
Commerzbank Foundation	58
Jürgen Ponto Foundation	11.8
Dresdner Bank Dresden Cultural Foundation	7.7
Total	77.5
Endowment capital of social foundations	20.2
Endowment capital	97.7

Endowment capital of the charitable foundations

2010 € million	
Bankdirektor Amandus de la Roy Foundation	11.2
Meier-Bruck Foundation	4.5
Hugo Zinsser Foundation	3.3
Alfred Prahm Foundation	0.6
Max Grunow Foundation	0.3
Charlotte Seibold Foundation	0.3
Total	20.2

Commerzbank also has a tradition of organising a joint response with its employees and customers to any major disasters around the globe in which it supports relief efforts for the victims. In 2010, the Bank ran relief campaigns following the earthquake in Haiti and the floods in Pakistan, and a further campaign to support aid for Japan following the natural disaster in 2011.

In January 2010, Haiti was hit by a devastating earthquake. More than 230,000 people lost their lives, countless people lost their family and friends and were left without shelter. Immediately after the disaster, Commerzbank launched a campaign for donations to

send aid to the victims. Customers and employees donated around €79,000, which the Board of Managing Directors of Commerzbank increased to a total amount of €180,000. Commerzbank used this money to help *Welthungerhilfe*, a major German relief organisation, to build temporary schools because over 2,700 schools had been damaged or destroyed by the earthquake. The organisation of a regular daily routine with school attendance helps children find their feet again after a traumatic experience.

In the summer of 2010, millions of people in Pakistan lost their entire livelihoods as a result of the flood disaster. Following a commitment of €100,000 by the Commerzbank Board of Managing Directors to the charity CARE based in Bonn, a further €100,000 was raised from employee donations by the end of October. To date, CARE has been able to provide assistance in many areas within Pakistan, providing more than 150,000 people with basic necessities, including milk, drinking water and basic foodstuffs, hygiene packs, washing stations, kitchen sets and medical support. The €200,000 from Commerzbank was put towards two projects, the first to enable CARE to buy and distribute 250,000 blankets for some 50,000 households, the second to support around 800 particularly needy families with winter shelter, blankets, pillows, mattresses and kitchen sets.

Japan is the world's third-largest economy. The country's protection against natural disasters is second to none and the reality is that no other country is better set up to deal with earthquakes or similar devastation caused by the force of nature. However, the concurrent disasters of earthquake, tsunami and nuclear accident during the spring of 2011 exceeded even Japan's ability to cope with such events. Commerzbank launched an appeal to its employees immediately after the earthquake. This brought in donations of approximately €55,000 which the Commerzbank Board of Managing Directors increased to a total amount of €100,000. Commerzbank's donation was put towards the CARE relief program in Iwate Prefecture to support 20,000 people living in evacuation centres and temporary shelters. CARE focused on distributing hot nutri-

tious food to disaster victims. Further relief action is currently being drawn up with CARE Japan and this action will be quickly implemented.

Commerzbank extends its thanks to all customers and employees who have made donations in response to these relief appeals.

The Bank's exercising of its social responsibility also includes the Commerzbank "Internship for the Environment" initiative launched as long ago as 1990 with the aim of promoting environmental education and a sustainable balance between man and nature. This initiative, which is run jointly with Europarc Deutschland, the umbrella organisation for Germany's designated protected natural landscapes, each year allows around 50 students to undertake a paid internship over several months in one of these protected areas. Commerzbank primarily covers the salaries and accommodation costs of the interns, although it also provides support for project communications. Since 1990, more than 1,300 interns have found exceptional locations in which to carry out their work in a total of 24 national parks, nature reserves and biosphere reserves. This work involves the development of self-contained projects, such as new ways of engaging children, nature trails or collaborative activities with businesses in the local area. These activities also help to significantly advance the education and PR work of the protected area concerned. At the same time, the interns acquire important skills in the areas of public relations and environmental education which they can then put to good use in their subsequent careers. In 2010, one of the key areas of activity was to increase awareness of the "Internship for the Environment" among Commerzbank employees, for example by distributing a brochure presenting the individual protected areas participating in the scheme. For example, employees were able to get to know and experience the areas themselves during workshops held as part of the integration of Commerzbank and Dresdner Bank. However, any general employee or customer events can also be held in these areas. In the future, the "Internship for the Environment" is to be made more appealing to students on courses in which the subject areas are not as "nature-based" as at present. To this end, the Bank is planning to work in close cooperation with selected partner universities.


Commerzbank is also a supporting partner of Hansenberg Castle, an upper level secondary and boarding school providing education and training for young people aiming to become motivated citizens prepared to take on the responsibilities of society. Students are only admitted to the school after undergoing a multi-stage selection procedure that focuses on social skills and motivation in addition to capabilities in academic

subjects. This project – a model project that is unique in Germany – demonstrates how performance and responsibility can be brought together in a school education so that the students are themselves prepared to take on responsibility at a later point in business, academia and society as a whole. Commerzbank not only provides financial support for the school – where attendance is free of charge –, it also provides internships at its offices outside Germany and contributes to teaching by supplying subject specialists.


Finally, the "Grünes Band" sponsorship programme celebrated its twenty-fifth anniversary in 2011. This Commerzbank sponsorship programme supports and rewards sports clubs that themselves show an outstanding commitment to fostering young talented sportspeople regardless of the sport involved. The competition is organised in conjunction with the German Olympic Sports Confederation (DOSB). The objective is to smooth the path for children and young people into high-performance sport and help sports clubs continue to expand their youth work activities. The decision as to which clubs are to receive awards for their exemplary promotion of young talent and/or for their anti-doping activities is taken by a jury comprising distinguished individuals from the worlds of sport and business. Every year, the Bank announces 50 sponsorship awards each worth €5,000 to a range of different sports. The recipients of awards in 2011 include the SC Colonia 06 boxing club in Cologne, a club that has been particularly successful in youth and junior boxing and one of the oldest clubs in the DBV German Boxing Federation. The jurors were impressed not only by the club's consistent commitment to nurturing young talent but above all by its efforts to integrate deprived and disadvantaged children. As in the case of the other 49 awards, this "Grünes Band" is to be presented in the autumn during an award presentation tour visiting different cities in Germany. Footballer Birgit Prinz and athlete Ariane Friedrich will be there as official ambassadors for the award.

● EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts

The business activities of Commerzbank have a significant indirect positive impact given the importance of the Bank's financial services for the economy and population and the Bank's role as employer of 39,695 people (Commerzbank AG, see page 137). Much of this impact is qualitative and a quantitative assessment is not really possible in most cases. However, an exception, for example, is the Bank's involvement in German's export trade: roughly 23% of German exports are processed via Commerzbank.

 www.praktikum-fuer-die-umwelt.de
www.hansenberg.de/en
www.dasgrueneband.com

Environmental

 www.nachhaltigkeit.commerzbank.de > Ökologie

Commerzbank weighs up the economic, environmental and social implications of its activities very carefully. These considerations include, in particular, protection of the environment and nature as well as the sparing use of natural resources. It is one of the Bank's core concerns to ensure and promote a situation in which people act responsibly throughout the organisation at all levels. Over and above compliance with current environmental legislation, which the Bank ensures as a matter of course, the Commerzbank Board of Managing Directors has also adopted mandatory environmental standards for all segments of the business. The core of the environmental protection activities at the Bank as a financial service provider lies in optimising the consumption of resources, specifically in areas where Commerzbank can have a direct impact on the environment: for example in buildings management and business travel. The primary objective in these areas is to reduce CO₂ emissions as part of the climate strategy (see page 50). Within its overall efforts to achieve its environmental goals, Commerzbank shares detailed information with a network of other bodies and therefore maintains a dialogue with other businesses and non-governmental organisations via forums, working groups and membership of associations and other groups.

Disclosures on management approach – environmental (DMA-EN)

Environmental protection is a managerial task

Commerzbank considers environmental protection to be a task for management. Consequently, all managers – beginning with the Board of Managing Directors – bear responsibility for implementing the common objectives in this regard. Environmental protection at the Bank is headed by the Environmental Officer and forms part of the “Organisation” unit, which reports directly to the group's Board of Managing Directors. As is typical in the banking sector, the processes with the greatest relevance for the environment fall within the responsibility of this unit. Such processes include, for example, energy, water and waste management, the procurement of materials by the group and the management of business travel and transport services.

Within Commerzbank, the representatives of the Bank's environmental management unit are systematically linked with all other relevant units at the Bank, among other things through the Group Environmental Committee (see page 49). The direct reporting channel to the Board of Managing Directors and the regular reports on environmental matters underline the huge importance that Commerzbank attaches to environmental issues.

Structured environmental management

The environmental management system ensures that all environmental measures are subject to both controls and further development. In this way, any adverse impact on the environment is identified as early as possible and either avoided or reduced. The Bank started the development of its environmental management system at the end of 2007. The system complies with ISO 14001, an international standard for the structure, implementation and further development of environmental management systems. Commerzbank AG's environmental management system, which applies to all sites in Germany, was certified by an external agency in February 2009 and then successfully re-certified in April 2010 following the integration of Dresdner Bank. The system is subject to an external audit by the accredited certification company Det Norske Veritas. Environmentally relevant data, such as energy and water consumption, distances covered on business trips, paper consumption and volume of waste is collated by the environmental management unit on the basis of information supplied by individual departments. The data is then analysed, compared, quality assured and verified by an external third party.

Products, services and customers

One of the objectives pursued by Commerzbank in its core business is to extend the range of products and services that help to promote sustainability and protect the environment (see page 24). The Bank also intends to make the most of market opportunities in the area of environmental protection. In addition, the environmental dimension is included in advice offered to customers, where appropriate, in order to heighten customer awareness of the issue and also to minimise the Bank's own risk. Commerzbank supports its customers in identifying opportunities and risks related to environmental issues.

All transactions and business relationships at Commerzbank in which, among other things, environmental aspects play a material role are extensively researched and analysed, and are subjected to a wide-ranging evaluation as part of each decision on a case-by-case basis. This may extend as far as rejection of the relevant transaction or even termination of the business relationship.

Suppliers and service providers

Sustainability criteria are also significant mandatory factors to be taken into account in any decision on the procurement of goods and services at Commerzbank, subject to due consideration of the costs involved. In addition, the Bank uses its management of procurement decisions by Group Procurement to exercise influence over sustainability and environmental strategy at suppliers and service providers.

Commerzbank attaches a great deal of importance to the fact that the products and services it buys should meet sustainability requirements in terms of manufacture, use and disposal or, if possible, recycling. Such products and services should be as friendly as possible to the environment and climate and, furthermore, should not be hazardous to health. In addition, they must be produced under decent labour conditions and must be suitable for recycling wherever possible. In September 2006, the Bank launched a standard for sustainable procurement in order to ensure that all these and other requirements are satisfied in the procurement process. This standard, which complements the procurement guidelines, is regularly updated. The standard serves as a valuable basis for guiding procurement decisions and offers, for example, recommendations for dealing with environmental seals of approval and certificates for office supplies, paper, hardware and software.

Increasing employee awareness

Sustainable development can only be achieved if as many people as possible are involved in the process. To this end, Commerzbank promotes new ideas and regularly circulates comprehensive information on environmental protection to encourage its employees to get behind this approach. In this way, environmental protection should become firmly established as an automatic feature of every individual's day-to-day activities – it is an investment in the future.

Development of networks

Commerzbank helps to satisfy its responsibilities in the financial services sector by voluntarily participating in highly respected initiatives and associations. The following initiatives are of particular significance for environmental protection (participation dates in parentheses):

- German Environmental Management Association (B.A.U.M.) (since 1985)
- Carbon Disclosure Project (since 2002)
- UN Global Compact (since 2006)
- German Association for Environmental Management and Sustainability in Financial Institutions (VfU) (since 2006)
- Rhine-Main Office and Building Ecology Network (NBG) (since 2006)
- “Climate Change Finance Forum” sponsored by the German Federal Ministry of Education and Research (since 2007)
- Rhine-Main Environmental Forum (since 2009)
- “Climate and finance” campaign week organised by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (since January 2010)

Commerzbank has significant input into the development of new standards and themes as part of its involvement in these initiatives, including, for example, the new VfU standard for determining key performance indicators in environmental reporting and the VfU forum on biodiversity.

Transparency in communications and continuous improvement

Commerzbank provides comprehensive reports on its own environmental performance (see pages 49 to 52). To enable the Bank to put its Environmental Guidelines into practice, the Bank always welcomes suggestions or criticism as part of its open dialogue with customers, shareholders, employees and business partners as well as in its interaction with politicians and society at large. This generates transparency and promotes acceptance in all areas. At the same time, Commerzbank undertakes continuous improvement of its environmental protection activities within its sphere of influence and thereby helps to make a long-term contribution to the preservation of the environment and nature.

 www.baumev.de
www.cdproject.net
www.unglobalcompact.org
www.vfu.de
www.cf21.org
www.umweltforum-rhein-main.de
www.klima-und-finanzen.de

Aspect: Materials

Commerzbank is a financial services provider and, as such, its attention as far as the management of the consumption of materials is concerned is focused on paper and toner, the categories of materials relevant to this industry. The Bank aims both to reduce consumption, for example by increasingly switching to IT-based paperless processes, duplex printing and optimising toner replacement, and to use paper that is as environmentally friendly as possible: for paper used in external communications, the Bank has issued and is gradually implementing a specification for paper that meets Forest Stewardship Council (FSC) requirements as standard; for internal purposes, “Blue Angel” certified recycled paper must be used.

In addition, the range of office supplies is optimised on an ongoing basis by Group Procurement in cooperation with an external service provider with a focus on streamlining the range and the introduction of more eco-friendly products. In 2010, around 250 “green” products were added to the range of office supplies. At the same time, eco-friendly products are brought to the attention of employees using the ordering systems in order to encourage a broad take-up.

- Fully covered
- ◐ Partially covered
- Not covered
- ✖ Not relevant

● EN1 Materials used by weight or volume

● EN2 Percentage of materials used that are recycled input materials

Overall, there was a slight cut in paper consumption compared with 2009 and the use of FSC paper for external communications has increased as planned. Following the earlier switch to FSC printer paper for account statements, FSC-certified copier paper was also used for external purposes from 2010. Commerzbank is also taking care to ensure that paper used for high-quality printing intended for external communi-

Paper and toner consumption, together with the use of recycled paper at Commerzbank AG

	2009	2010
Paper consumption		
Fresh-fibre paper, ECF ¹ (t)	1,971	2,259
Fresh-fibre paper, FSC-certified (t)	1,300	1,999
Recycled paper (t)	1,888	836
Total consumption (t)	5,159	5,095
Recycled paper proportion (%)	37	16
Toner cartridge consumption (t)²	90	105
for printers (items)	67,994	79,904
for copiers (items)	1,127	603

¹ ECF manufacture using elemental chlorine-free or low-chlorine bleached wood pulp.

² Cartridge including toner.

cations is gradually being switched to FSC-certified paper and that the printing companies engaged to do the work are also FSC-certified. There is still an acceptance problem with the use of recycled paper for internal purposes, despite excellent quality and good visual properties based on a degree of whiteness of 90%. Action to combat this resistance has already been initiated. This includes, for example, the re-publication of the paper standard on the intranet to coincide with the UN International Year of Forests in 2011. As far as toner is concerned, the data shows an increase in the use of multifunction devices replacing standalone copiers.

Aspect: Energy

Energy consumption in buildings and through business trips and the vehicle pool are key areas for environmental management, accounting for the greatest proportions of Commerzbank’s carbon footprint at 66% and 28% respectively (see EN16, page 114). Energy management at Commerzbank is based on GEFMA (German Facility Management Association) guideline 124 with systematic planning and control of energy. This includes comparisons with internal and external benchmarks and helps to identify potential for the most effective improvements. These improvements are being achieved first from an increase in energy efficiency, for example by upgrading building cladding, installing more efficient lighting systems with LED technology and using more efficient vehicles. Secondly, Commerzbank is switching to renewable energy sources: since 2010, 87% of the electricity used by the Bank has been hydroelectricity.

● EN3 Direct energy consumption by primary energy source

The direct consumption of fossil fuels (Scope 1 under the VfU standard and Greenhouse Gas (GHG) Protocol – see EN16, page 114) fell by approximately 12% year on year. Oil heating systems are gradually being replaced by more environmentally friendly systems and now only account for around 1% of energy consumption. In 2010, district heating connections were planned or installed as part of the renovation of the “Silver Tower” (former headquarters building of Dresdner Bank) and at the Münster site. The consumption of natural gas also reflects the impact from consolidation and closure of sites as part of the integration of Dresdner Bank. The use of ever more efficient new vehicles (see EN5, page 112) is resulting in a reduction in fuel consumption.

Direct energy consumption at Commerzbank AG (Germany)

in MWh ¹	2009	2010
Natural gas	173,467	151,368
Heating oil (heavy, light)	2,600	2,100
Diesel (fuel) ²	63,899	60,935
Petroleum (fuel) ²	9,207	4,585
Total	249,173	218,988

¹ The conversion to gigajoules (GJ) can be found in the online report at <http://sustainability2011.commerzbank.com> under Sustainability performance > Performance indicators, Environmental > EN3.

² The calculation of fuel consumption for the vehicles is based on the computed business mileage proportion for bank vehicles and the consumption for all pool vehicles. The business mileage proportion for bank vehicles in 2010 was 56.16% of total mileage.

● EN4 Indirect energy consumption by primary source

In 2010, far-reaching changes were implemented with regard to the consumption of electricity and district heating (Scope 2 under the VfU standard and Greenhouse Gas (GHG) Protocol – see EN16, page 114). The Bank substantially expanded its use of green electricity derived from hydro generation. The remaining proportion of the electricity used (13%) is generated conventionally on the basis of the “Germany’s electricity mix” (the mixture of the various electricity used by suppliers to generate electricity in Germany), 17% of this mix additionally being derived from renewable energy sources. In the case of district heating, some new sites were connected to the local network (see renovation of the “Silver Tower” on page 50), but consumption was reduced or eliminated elsewhere as a result of site consolidation and closures associated with the integration of Dresdner Bank. District heating is also used

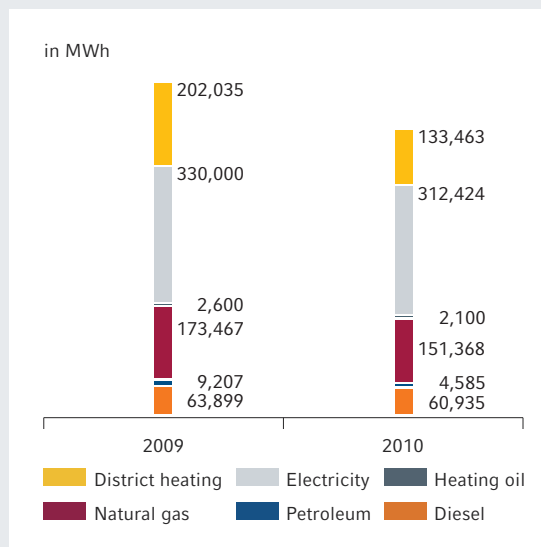
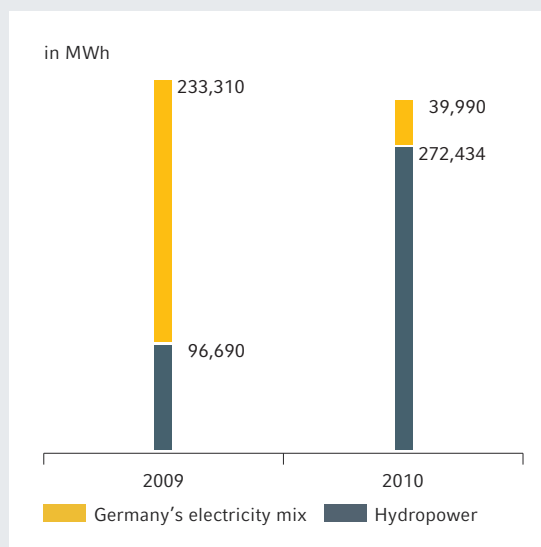
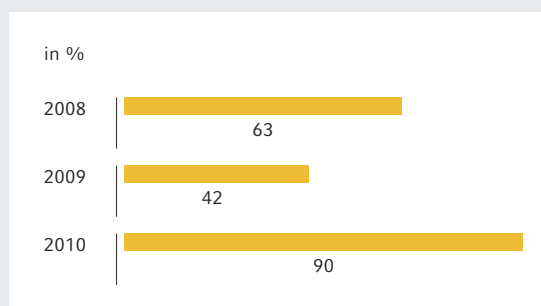
Energy consumption (electricity and district heating) by Commerzbank AG (Germany)

in MWh ¹	2009	2010
Electricity consumption	330,000	312,424
from hydroelectric power	96,690	272,434
from Germany’s electricity mix ²	233,310	39,990
District heating consumption³	202,035	133,463
Total energy consumption	532,035	445,887

¹ The conversion to gigajoules (GJ) can be found in the online report at <http://sustainability2011.commerzbank.com> under Sustainability performance > Performance indicators, Environmental > EN4.

² According to an estimate produced by the German Federal Environment Agency in May 2011, the electricity mix in Germany based on primary energy sources was as follows in 2010: 42.2% coal, 22.5% nuclear power, 14.7% natural gas and oil products, 16.5% renewable energy sources.

³ Under the VfU 2010 standard, the standard electricity mix for heating is assumed to be the mix from a gas-fired power plant with combined heat and power.

Energy consumption by source of energy**Proportion of electricity derived from hydro generation****Proportion of energy derived from green energy sources¹**

¹ Includes green electricity, the portion of renewable energy sources in the electricity mix and district heating.

for cooling purposes and the generally cooler temperatures during the summer of 2010 therefore resulted in lower consumption.

● **Energy saved due to conservation and efficiency improvements**

Commerzbank has achieved energy savings through various efficiency measures and renovation or refurbishment work. On 31 December 2011, renovation work will be completed on the 166-metre high Silver Tower, a building originally opened in 1978. The building will receive certification in accordance with the standards published by the German Sustainable Building Council (DGNB). The costly renovation will result in a reduction of almost 30% in electricity consumption from 2012 onwards; as for heating, it will be possible to achieve savings of around 55%. As a result, the primary energy requirement will be 37% below the target value specified in the German Energy Saving Regulation issued in 2007.

In addition, Commerzbank will cut 5.3 million kWh of electricity consumption each year as a result of the conversion to the new branding. The reason behind this lower consumption is the cutting-edge lighting technology used in the new components for exterior signage and display window information systems. In place of incandescent light bulbs and fluorescent lamps, the light is now produced by light emitting diodes (LEDs) – electronic components that use electricity much more efficiently than any other source of lighting. Moreover, these components do not overheat and last longer than other lamps, which in turn will also be reflected in lower maintenance costs. With the superseded technology, Commerzbank in Germany consumed approximately 6.5 million kWh of electricity a year just to illuminate its signs and display windows. As a result of this conversion, power consumption in exterior signs fell by 85% and in display window communication systems by 59%. This equates to a total drop of 82% in electricity consumption to just under 1.2 million kWh per year.

Significant technological advances have opened up the possibility of wider and wider uses for particularly energy-efficient IT technology (green IT): key improvements were initiated at the end of 2010 with the start of the switch to a hot aisle/cold aisle configuration for all the Bank's systems in its energy-intensive computing centres. The new configuration prevents warm and cold air from mixing, thereby increasing energy efficiency because less cooling is needed. At the end of 2010, the Bank also started to operate client/server

systems in power-saving mode, enabling cuts of up to 30% in the energy consumption of these systems compared with normal operation. In addition, energy savings of up to a third will be generated by the introduction of thin clients to replace 80% of the fat clients, of which there are around 20,000. As part of this process, the computing power of the individual machines will be transferred to the substantially more efficient centre. Employees are also making a direct contribution: since the end of 2010, the Bank has been aiming to reduce the number of end devices per user from an average of 1.6 to 1.3, delivering energy savings of around 20%. Other action taken includes the replacement of hardware by virtual systems (Windows and UNIX virtualisation) and a reduction in cabling to reflect actual needs and avoid inefficient heat nests of cables in raised floors.

The energy-efficiency-oriented policy for Bank and pool vehicles is helping to generate further energy savings. The careful selection of vehicles, the increasing number of options for energy-efficient vehicle technology and an incentive system for users that is proving to be highly effective enabled the Bank to reduce the average fuel consumption in new vehicles (according to data from the manufacturers) from 6.1 litres/100km in 2009 to 5.8 litres/100km in 2010 (see EN29, page 118). This equates to a reduction in CO₂ emissions from 162.5 to 155 grams per kilometre. The vehicle policy will continue to be amended in the future to take into account other aspects of environmental policy so that further energy savings can be achieved.

● **EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives**

See information on products and services on page 52.

● **EN7 Initiatives to reduce indirect energy consumption and reductions achieved**

See EN29, page 118 for a description of the action taken to reduce indirect energy consumption in connection with business trips and journeys by employees between home and work. Other aspects specified by the GRI guidelines, such as the consumption of energy-intensive materials, are of little relevance for a company in the financial sector.

Aspect: Water

Water is used at Commerzbank for sanitary purposes and in a volume that equates to normal domestic consumption for a corresponding number of people. A monthly check is carried out at larger sites so that appropriate measures can be taken if the usage is at abnormal levels.

● EN8 Total water withdrawal by source

Commerzbank only uses drinking water (municipal water) in its buildings. Consumption in 2010 amounted to 599,148m³ (2009: 580,438m³).

● EN9 Water sources significantly affected by withdrawal of water

Water consumption at Commerzbank AG does not result in any significant negative impact on water sources as defined by the GRI criteria.

● EN10 Percentage and total volume of water recycled and reused

Normally no water is recycled or reused at any of the buildings in the Commerzbank AG portfolio. However, a particularly innovative technology is used at the Commerzbank headquarters building in Frankfurt: the heat energy arising in the building is released into the atmosphere in the form of evaporation by using cooling towers to reduce the temperature of cooling water. The water in the cooling circuit is managed such that used water is not released as wastewater but is instead collected and used to meet approximately 95% of the water requirement for flushing WCs in the top half of the Commerzbank tower.

Aspect: Biodiversity

Commerzbank supports the objective of maintaining biodiversity and since the end of 2010 has been a participant in the biodiversity forum of the German Association for Environmental Management and Sustainability in Financial Institutions (VfU). The Bank is also involved in the development of principles for the maintenance of biodiversity that are particularly suitable for the financial sector. The associated action will not affect Commerzbank's buildings as such, but rather the banking business itself where biodiversity risks and opportunities will need to be factored into investments and project finance to a greater degree. Checks in relation

Three peregrine falcons on the roof of the Commerzbank skyscraper

Since 2007, various ledges on Germany's highest office building have provided a pair of peregrine falcons with an urban alternative to cliff edges in their more normal hills and mountain habitat. On 13 April 2010, three chicks hatched on a ledge at 258 metres. To protect the family of falcons, access to the terrace on the 63rd floor was closed off, facade cleaning was suspended and antenna maintenance postponed. The most significant postponement however was the exchange of the logo in connection with the new branding. This work had been planned for this period but had to wait until the young falcons had fledged. Commerzbank employees and the general public took an active interest in the development of the chicks. In a campaign involving readers of "Bild" newspaper, the three young falcons were given the names Tick, Trick and Track.

to environmental risk (including aspects of biodiversity) are already carried out as part of reputational risk management at Commerzbank (see page 70).

- ✂ EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas; and areas of high biodiversity value outside protected areas
- ✂ EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
- ✂ EN13 Habitats protected or restored
- ✂ EN14 Strategies, current actions, and future plans for managing impacts on biodiversity
- ✂ EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

The GRI indicators for biodiversity are not directly relevant to Commerzbank AG because the Bank's sites are not adjacent to protected areas or areas of high biodiversity value, nor do the Bank's sites have a direct impact on such areas.

**Direct and indirect greenhouse gas emissions (GHG emissions)
at Commerzbank AG (Germany)**

in tonnes of CO ₂ equivalent	2009	2010
Scope 1: Direct GHG emissions		
Buildings energy supply	35,734	31,293
Natural gas	35,040	30,728
Heating oil	694	565
Emergency generator diesel ¹	N/A	N/A
Business trips (cars)	17,835	16,716
Bank vehicles ²	15,852	14,921
Pool vehicles	1,983	1,795
Scope 1 total	53,569	48,009
Scope 2: Indirect GHG emissions		
Buildings energy supply	153,669	43,832
Electricity ³	121,141	30,699
District heating ⁴	32,528	13,133
Scope 2 total	153,669	43,832
Scope 3: Other indirect GHG emissions		
Paper consumption ⁵	3,318	6,123
Energy supply (upstream and downstream emissions)	7,579	8,451
Natural gas	7,459	8,346
Heating oil	120	105
Business travel	13,053	18,961
Air ⁶	7,871	5,502
Rail	1,691	1,414
Cars (upstream and downstream emissions) ⁷	N/A	7,591
Private cars	3,491	4,454
Water/wastewater	217	449
Waste disposal ⁸	1,041	1,399
Scope 3 total	25,208	35,383
Total for Scopes 1 + 2 + 3	232,446	127,224

¹ Diesel-powered emergency generators are available at some locations. An appropriate procedure for measuring the volume of consumption was implemented at the beginning of 2011 and the first results will be available for the 2011 reporting period.

² The business mileage proportion of journeys with the Bank's own vehicles was assumed at 56.16% of total mileage for 2010 and was taken into account on this basis.

³ The volume of CO₂ emissions shown resulted from the actual type of electricity supply obtained, including the green electricity from hydro generation. Data disclosed in accordance with the requirements of the Carbon Disclosure Project (CDP) must be based on the average type of electricity (based on the energy sources used for generation) for the country concerned. This results in computed CO₂ emissions of 170,907 tonnes (2009) and 214,723 tonnes (2010).

⁴ In 2010, there was an improvement in the data quality of district heating data because of the greater volume of base data available for projection purposes.

⁵ This is the figure for consumption excluding printing obtained from external contractors. The significant increase in CO₂ emissions resulted from a change in the conversion factors in the new VfU standards; there was a slight decrease in paper consumption itself compared with 2009.

⁶ Despite an increase in mileage, there was a fall in CO₂ emissions as a consequence of new conversion factors in the new VfU standards (see EN29, page 118).

⁷ In 2010, this item was calculated for the first time in accordance with the new VfU standard.

⁸ The increase in CO₂ emissions from waste in 2010 was attributable to the huge volume of construction and demolition waste in connection with the renovation of the "Silver Tower" (the former Dresdner Bank headquarters building). Only large-scale projects are included in construction waste.

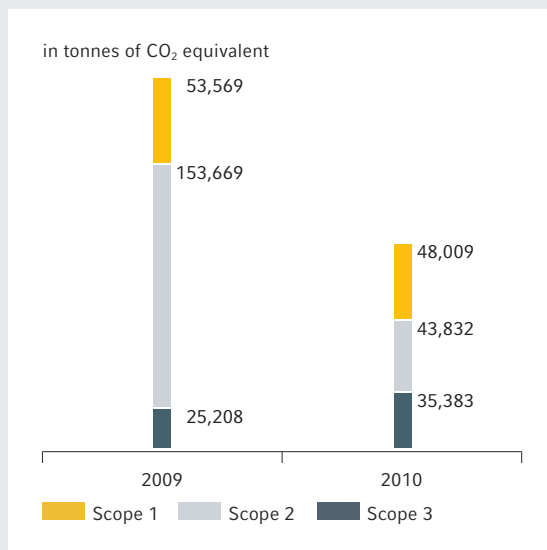
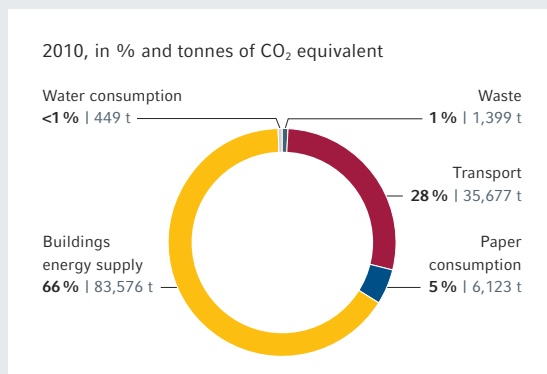
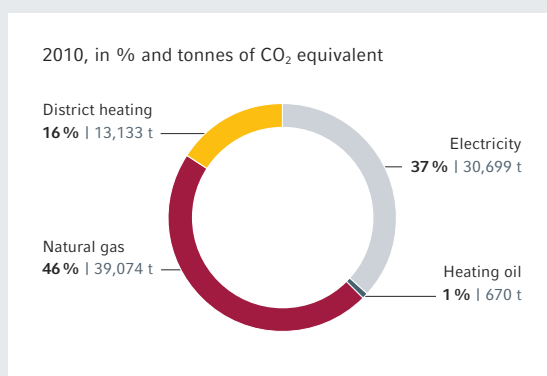
Aspect: Emissions

Commerzbank's climate strategy and the associated action plans represent a key element of the Bank's environmental performance (see page 50). The success of the action taken by the Bank in respect of environmental protection can be tracked directly in the Bank's carbon footprint. The overarching target within the Bank's environmental protection strategy was to reduce greenhouse gas emissions by 30% by 2011 compared with 2007 as the base year (the merger with Dresdner Bank being taken into account in these figures). This significant target had already been exceeded by the end of 2010. In the year under review, there was an additional exceptional contribution to the overall reduction in the form of a year-on-year drop in CO₂ emissions of 46% as a result of various efficiency measures and primarily the purchase of green electricity.

● **EN16 Total direct and indirect greenhouse gas emissions by weight**

● **EN17 Other relevant indirect greenhouse gas emissions by weight**

Greenhouse gas emissions are calculated on the basis of key performance indicators provided by the German Association for Environmental Management and Sustainability in Financial Institutions (VfU) and are stated as CO₂ equivalent in accordance with the VfU standard. In addition to CO₂ volumes, the disclosures also include quantitative data relating to CO₂ equivalents for two further greenhouse gases specified in the Kyoto Protocol in line with the contribution made by these gases to global warming. Emissions for the reporting period 1 January to 31 December 2010 were calculated using the updated VfU 2010 standard for the first time. This standard is based on the internationally recognised Greenhouse Gas (GHG) Protocol standard. The greenhouse gas emissions (CO₂ equivalent) were also calculated using integrated emission factors, which are based on Ecoinvent, version 2.1 (www.ecoinvent.ch), the world's most comprehensive environmental database. Since 2009, the consumption data (including the method of data capture) and the calculated CO₂ emissions have been verified by DNV-Zertifizierung und Umweltgutachter GmbH, a third-party verification organisation. The verification in 2010 was based on the ISO 14064-3 standard.

Carbon footprint by Scopes**Carbon footprint by type of consumption****Proportion of energy sources in carbon footprint**

The relevant standards make an initial distinction between direct and indirect emissions. Direct greenhouse gas emissions originate from sources owned or controlled by the reporting entity itself. One example of such a source would be a gas-fired heating system. Although indirect greenhouse gas emissions also occur as a result of the business activities of the reporting entity, the source of such emissions is owned or controlled by a third party. An example of such a source would be power stations used for the generation of electricity. On this basis, the GHG Protocol classifies emissions into three categories, referred to as Scope 1, Scope 2 and Scope 3, according to the degree to which the reporting entity is able to exercise control over the emissions concerned:

- Scope 1 includes all direct emissions.
- Scope 2 covers all indirect emissions arising in connection with the generation of electricity, steam or heat energy that the reporting entity obtains from a third party.
- Scope 3 applies to all other indirect emissions in the areas of logistics, consumption of materials, supply of materials and waste disposal. This also includes emissions that occur within service and production companies and their upstream supply chains.

There were a number of different contributing factors behind the overall year-on-year fall in greenhouse gas emissions of around 105,000 tonnes of CO₂ equivalent (a decrease of 46%). For example, there was a drop of 5,500 tonnes of CO₂ emissions in the direct consumption of fossil fuels in buildings and vehicles (Scope 1) as a result of efficiency improvements and renovation work (see EN5, page 112). However, the most significant factor was the purchase of green electricity: the proportion of total electricity consumed accounted for by green electricity rose from 42% in 2009 to 89.4% in 2010 (see EN4, page 111). Approximately 90,000 tonnes of CO₂ emissions were cut simply as a result of the substantial improvement in the quality of the electricity supply, approximately 87% of which is now hydroelectricity. In contrast, there was an increase of approximately 10,000 tonnes of CO₂ equivalent in indirect greenhouse gas emissions (Scope 3), which was primarily attributable to the inclusion of indirect emissions from cars for the first time in 2010.

● **EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved**

Commerzbank's climate strategy and its four areas of action (company environmental management, offset for unavoidable CO₂ emissions, environmentally friendly products and services in the core business, and climate protection communication) are described on pages 50 to 52. This description includes a summary of the key action taken and the outcomes.

In the future, another significant approach taken by Commerzbank – in addition to the ongoing efficiency increases and continuing use of green electricity as a high percentage of overall electricity consumption – will be to improve its management of transport (see EN29, page 118).

✂ **EN19 Emissions of ozone-depleting substances by weight**

The use of ozone-depleting substances at Commerzbank is not material and no related consumption data is therefore collected. If such substances are still present as coolant in building air-conditioning systems, the substances are used in well-maintained, closed systems (in which there is practically no loss) and in accordance with statutory requirements.

✂ **EN20 NO_x, SO_x and other significant air emissions by type and weight**

Commerzbank does not operate production facilities or have any particular sources of emissions of sulphur oxides (SO_x), nitrogen oxides (NO_x) or other significant air pollutants. These emissions are therefore not considered to be material and no specific data is captured. Although, for example, nitrogen oxide is released as a result of the consumption of energy in buildings and vehicles, the efforts by Commerzbank to reduce its energy consumption and CO₂ emissions as part of its climate strategy also automatically reduce any other associated emissions.

Aspect: Effluents and waste

Systematic environmental management at Commerzbank includes coordinated, targeted disposal of waste and wastewater. Almost all waste fractions are efficiently recycled.

● **EN21 Total water discharge by quality and destination**

In 2010, Commerzbank AG discharged some 569,000m³ of wastewater into the main sewer system as a result of its use of water for drinking, cooking, cleaning, in sanitary facilities and in building services. This figure is roughly 30,000m³ less than the freshwater consumption because this is the volume evaporated in the cooling towers (see EN8, page 113).

● **EN22 Total weight of waste by type and disposal method**

In 2010, a waste concept was drawn up for the new Commerzbank. This included a modification and simplification of the waste disposal process (for example, central disposal of toner cartridges and hard data storage media) and a concentration on the smallest possible number of waste disposal service providers operating countrywide. The concept was based on an evaluation of waste disposal channels from both environmental and economic viewpoints at the same time taking into account the need to ensure waste disposal in accordance with statutory requirements. As a corollary, there was an improvement in the quality of the data in the waste statistics.

Waste at Commerzbank AG (Germany) by type of disposal

in tonnes	2009	2010
Waste for reuse/recycling	8,992	13,186 ¹
of which paper waste	8,447	6,144
Waste for incineration	1,518	2,407
Landfill ²	72	325
Other waste with special treatment ³	107	1
Total waste	10,689	15,919

¹ The increase in volume of waste was attributable to the huge amount of construction and demolition waste in connection with the renovation of the "Silver Tower" (the former Dresdner Bank headquarters building). Only large-scale projects are included in construction waste.

² The increase in 2010 arose as a result of the large amount of material containing asbestos removed during the renovation of the "Silver Tower".

³ The reduction in the volume of other waste was attributable to the fact that no further subdivision of other waste was possible for the 2009 reporting year under the old VfU standard. Under the new VfU standard, most of this other waste could be classified under recycling waste.

In 2010, more than 80% of waste was reused or sent for recycling, although the efficient disposal of construction and demolition waste resulting from the renovation of the “Silver Tower” (former headquarters building of Dresdner Bank) presented a considerable challenge. The largest waste fraction within the banking operation itself is paper and the disposal of this paper is carried out in strict compliance with the requirements of the German Data Protection Act (BDSG). The volume of paper waste continues to be significantly higher than paper consumption, a major contributing factor being the disposal of existing paper files as the bank switches to electronic files (see EN1, page 110).

Future action will focus on the standardisation of waste disposal methods in the areas managed by the Bank and the creation of user-friendly solutions in the form of suitable collection systems and methods.

Waste at Commerzbank AG (Germany) by category

in tonnes	2009	2010
Hazardous waste ¹	107	491
Non-hazardous waste	10,582	15,428
Total waste	10,689	15,919

¹ In 2010, 445 tonnes of hazardous waste was generated in connection with the renovation of the “Silver Tower”, the former Dresdner Bank headquarters building.

● EN23 Total number and volume of significant spills

There were no significant spills in the year under review.

● EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

The small volume of special waste disposed of by Commerzbank is shown under EN22 (see EN22, page 116). All waste is removed by licensed waste disposal service providers and properly disposed of or recycled.

✂ EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation’s discharges of water and runoff

This indicator has no relevance for Commerzbank because wastewater from the office buildings is always discharged into mains sewerage in a monitored environment and no bodies of water are subject to any significant negative impact.

Aspect: Products and services

● EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

Initiatives as part of Commerzbank’s banking business focus on providing finance for companies and projects to expand the use of renewable energy sources, increase energy efficiency or reduce CO₂ emissions as the most important environmental key performance indicator (see page 52, Products and services). In addition, the environmental risk associated with products and services is managed by the Reputation and Sustainability Management unit. Transactions and business relationships in which aspects of sustainability play a material role are extensively researched and analysed, and subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of the business relationship. Currently, the Bank’s activities in this regard are focused on corporate customers and interbank business (see pages 70 to 71).

✂ EN27 Percentage of products sold and their packaging materials that are reclaimed by category

This indicator is not relevant for a company in the financial sector.

Aspect: Compliance

● EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

There were no significant fines in the year under review.

Aspect: Transport

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

Business trips by employees account for around 15% of Commerzbank's carbon footprint and therefore represent a substantial environmental factor. The majority of journeys are undertaken by car, although the proportion is on a downward trend. Long-haul flights have seen a significant increase, primarily as a result of the inclusion of data from subsidiaries in the figures for the parent company: the figures for the subsidiaries have fallen by almost the same total distance. Wherever possible, Commerzbank provides incentives for switching from air travel to rail, the more environmentally friendly alternative. In 2010, this resulted in a year-on-year reduction of around 250,000km in the total journeys by air within Germany. This was achieved with a special incentive system for using rail travel on long-distance routes.

The purchase of more efficient vehicles with lower emissions represents a particularly important lever for reducing environmental impact (see EN5, page 112). To support this process, Commerzbank operates a centrally managed new vehicles policy for pool vehicles. In the largest category of Bank vehicles – vehicles that represent an optional additional company benefit for all Bank employees whose salary is outside the collectively agreed pay scale – employees are able to make their own selection of leased vehicle subject to certain restrictions (for example, no sports cars, an upper CO₂ limit and an additional CO₂ levy above a specified threshold value). Employees with these cars

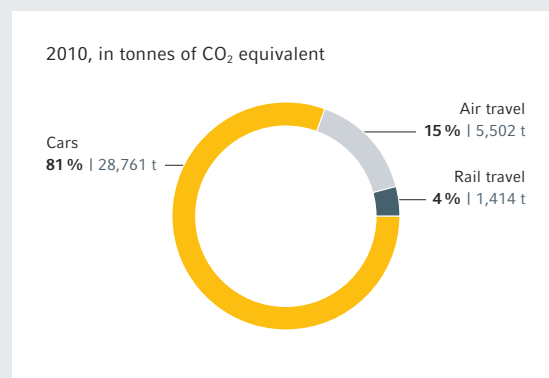
Business travel at Commerzbank AG (Germany)

in km	2009	2010
Cars	107,167,637	100,915,370
Bank vehicles (AT Leasing)	79,659,853	76,128,161
Pool vehicles	9,964,635	9,160,274
Km accounted for as private	17,543,149	15,626,935
Air travel	33,194,095	43,811,958
Rail travel	30,749,891	29,566,676

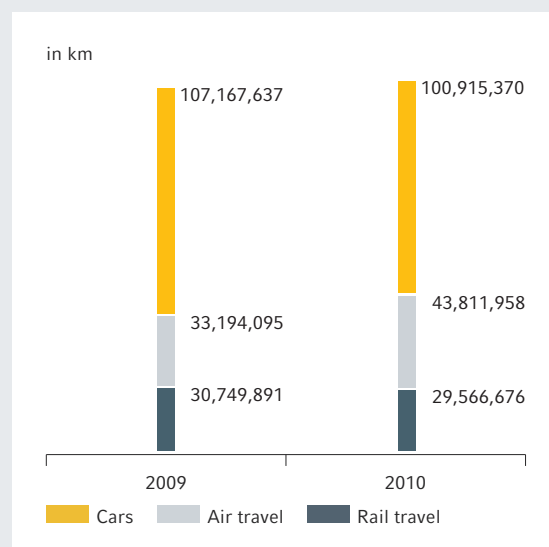
must also pay a flat-rate fuel charge (deducted directly from their salary) in addition to the leasing costs. These charges are scaled according to fuel consumption and the vehicle user suffers financially if consumption (and therefore also the environmental impact) is ignored.

In 2010, Commerzbank also took part in the "effizientmobil" project run by dena, the German Energy Agency. This project aims to promote further implementation of professional transport management in companies throughout Germany. As part of the project, the Bank reviewed arrangements at its service centre, Estrella and Gallileo properties in Frankfurt am Main. The proposed action plans are currently being examined by the environmental management unit in conjunction with the individual departments. The

Carbon footprint from travel, by mode of transport



Distances travelled, by mode of transport



project is helping to heighten awareness among decision-makers and employees regarding new ways of combining different types of transport that can be added to existing options such as annual rail tickets, local public transport tickets and the promotion of cycling (bike+business project). Measures already planned focus on further support for the use of local public transport and a nationwide scheme for the use of rented bicycles in Germany.

Aspect: Total environmental protection expenditures and investments

● EN30 Total environmental protection expenditures and investments by type


Environmental protection in the company causes additional costs. By far the greatest proportion of additional costs is incurred in connection with direct environmental protection measures, particularly renovation and refurbishment costs with a direct environmental benefit. Such costs amounted to approximately €10.5 million in 2008 alone. No data on the usual renovation costs with direct environmental benefit is available for 2009 or 2010 yet, but it can be safely assumed that the amounts will be similar to the costs incurred in 2008. In 2010, renovation costs were incurred in connection with the major refurbishment of the “Silver Tower” (the former Dresdner Bank headquarters building), as shown in the following table. Expenses incurred in connection with head office environmental management are almost €500,000, although this does not include additional costs involved in the procurement of environmentally friendly materials.

Commerzbank AG expenses in connection with environmental protection measures

€	2009	2010
Expenses for direct environmental protection measures		
Waste processing and disposal	2,700,000	2,000,000
Additional expense for the purchase of green electricity	200,000	550,000
Preventive expenses for environmental management		
Environmental management expenses (incl. staff costs, certification, legal requirements service, verification of environmental data, B.A.U.M. membership subscription)	Approx. 468,000	Approx. 452,000
Employee professional development	Approx. 8,000	Approx. 8,000
Additional expenses for the procurement of environmentally friendly materials	N/A	N/A
Total expense	Approx. 3,376,000	Approx. 3,010,000
Renovation costs for Silver Tower ¹	N/A	110,700,000

¹ This includes, for example, fire protection system upgrade, new facade, removal of hazardous materials and upgrading of building technical installations.

Social: Labour practices and decent work

 www.nachhaltigkeit.commerzbank.de
> Mitarbeiter

In the last few years, Commerzbank employees have been faced simultaneously by two major challenges: the integration of Dresdner Bank and the financial crisis. Both challenges have been successfully negotiated and the Bank has now entered a phase in which it needs to consolidate and focus on further development.

It is also important that the Bank retains the expertise in the workforce over the long term and remains an attractive proposition for the best applicants in the job market. If employee pay and benefits have to be adjusted in line with regulatory requirements, this can only be successfully delivered with an approach based on partnership. The Bank intends to continue its policy of ensuring health and safety in the workplace and expanding its health management system, the latter also to encompass issues surrounding psychosocial health. In terms of training and professional development, Commerzbank is clearly focusing on the three career paths of general management, project management and specialist careers. As for the promotion of diversity – one of the essential requirements for the development of talent, experience and creativity at the Bank – a key area of activity for the Bank at the moment is the implementation of the “Women in management positions” project.

As far as possible, prior-year data is included in the descriptions below for comparison purposes. However, this is only possible to a limited extent in this report because there is no corresponding data for certain items for technical reasons in connection with the integration of Commerzbank and Dresdner Bank systems.

Disclosures on management approach – social: labour practices and decent work (DMA-LA)

Highly productive, dedicated employees are a key factor if Commerzbank is to maintain its competitive position over the long term. The Group Human Resources unit bears a significant level of responsibility for all issues concerning employees at the Bank.

One of the major points to be highlighted in respect of employee numbers is that, if relevant targets are achieved by the end of 2013, the reduction in the number of employees associated with the integration of Dresdner Bank is expected to be achieved without com-

pulsory redundancies and the implementation of this plan is already well advanced. The average period of service for employees is almost 16 years and the Bank attaches a great deal of importance to systematically recording the reasons why employees leave the Bank so that it can use this information to achieve improvements within the individual segments.

One of the features of the cooperation between employee representatives and the Bank is that this co-operation is based on a trusting, constructive partnership. If any restructuring and associated reduction in the size of the workforce is required, the relevant action has to be comprehensively discussed with the bodies representing employees. The works council also plays a critical role in the actual implementation of any such changes at local sites. In 2011, key areas of focus in joint negotiations with employee representatives include, in particular, health management, demographic change and women in management positions.

In the area of health & safety and health management, all Commerzbank employees are represented on the health and safety committee. Health and safety specialists regularly carry out site inspection tours and provide advice in all matters related to health and safety. In 2010, the Bank set up an Employee Council on Health and created a company return-to-work and disability management system, a structured mechanism for providing advice to employees who are sick for more than six weeks in a year. Since the Employee Assistance Programme (EAP) for providing psychosocial counselling for employees facing difficult situations in their professional and personal lives was established for Commerzbank AG in Germany in 2011, all employees have had access to experts with whom they can discuss psychosocial and medical issues.

As regards training and professional development, Commerzbank has a long track record of forward-looking recruitment of the next generation of managers and employees in collaborative activities with schools and universities, examples of current schemes being “Handelsblatt macht Schule” and “management meets campus”. The Bank offers its employees careers in general management or project management supported by a comprehensive range of training courses.

It can also offer specialist careers in which the focus is on particular types of skills and expertise.

For many years, Commerzbank has been a pioneer in diversity and equal opportunities. The Bank has been promoting diversity since the end of the 1980s, particularly with regard to opportunities for women. For about the last ten years, diversity management at the Bank has broadened to cover the entire range of cultural, social and skills diversity among the workforce. Current strategies in this regard include, for example, initiatives related to women in management positions, work-life balance, cooperation between the generations, sexual orientation and cultural diversity in the workforce. Within the bank, employees have at their disposal a large selection of corresponding networks (see page 37).

Aspect: Employment

On the one hand, the integration of the two banks has been accompanied by a reduction in the number of employees which has largely been completed during the year under review. On the other hand, Commerzbank must increasingly focus in the future on attracting and retaining promising young talent in order to ensure a high level of quality and also to counter the effects of demographic change. Commerzbank has adopted a number of approaches, including offering both interesting professional challenges and attractive company benefits, in order to minimise the number of employees who decide to leave the Bank.

● LA1 Total workforce by employment type, employment contract, and region

Noticeable features of the structure of Commerzbank's workforce are the balanced proportions of employees outside the collectively agreed pay scale and those on the pay scale, together with the high ratio of trainees to other employees. Work-life balance is supported by the fact that almost one quarter of the workforce is employed on a part-time basis. The overwhelming majority of employees have permanent employment contracts.

Total workforce of Commerzbank AG by type of employment

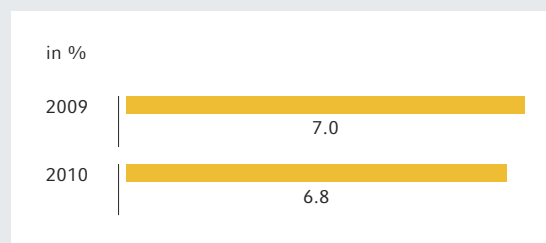
	2009		2010	
	Total	in %	Total	in %
Non-pay-scale employees	18,705	45.5	18,251	46.0
Pay-scale employees ¹	21,967	53.5	21,008	52.9
Non-salaried employees/others	401	1.0	436	1.1
Total	41,073	100	39,695	100

¹ Including trainees.

The slimming down of the workforce in connection with the integration of Dresdner Bank is progressing faster than planned. Some 9,000 full-time positions were to be eliminated from the workforce in a socially responsible manner, that is to say without compulsory redundancies, and contractual agreements are already in place with employees covering more than 85% of the required job losses. The constructive negotiations between Group Human Resources and employee bodies have been a major contributing factor in this successful outcome.

Commerzbank must continue to actively invest in the next generation of managers and employees in view of the implications of its age structure in the medium term and the effects of demographic change (see LA13, page 128). The high ratio of trainees to other employees also demonstrates the Bank's corporate responsibility in that the Bank is offering future prospects for the next generation.

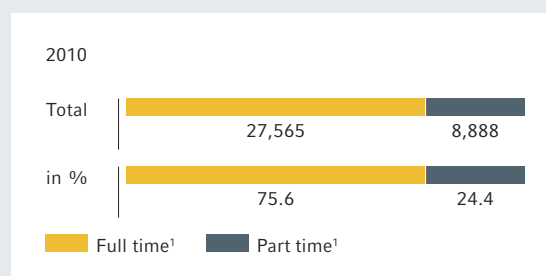
Commerzbank AG Training rate¹



¹ Trainees as a proportion of permanent staff at Commerzbank AG as at 31 December 2010.

For technical reasons in connection with the integration of Commerzbank and Dresdner Bank systems there is no comparative data for 2009 for the following information on full-time and part-time staff, type of employment contract and place of work.

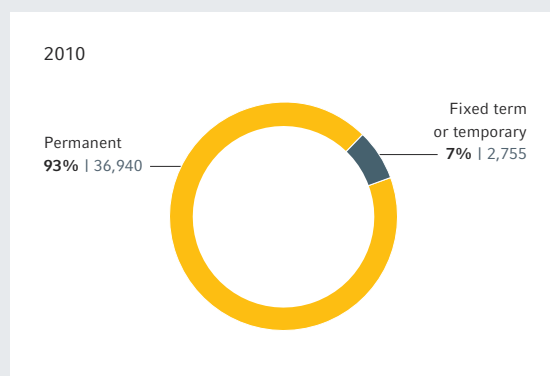
Employment split (full time, part time) at Commerzbank AG



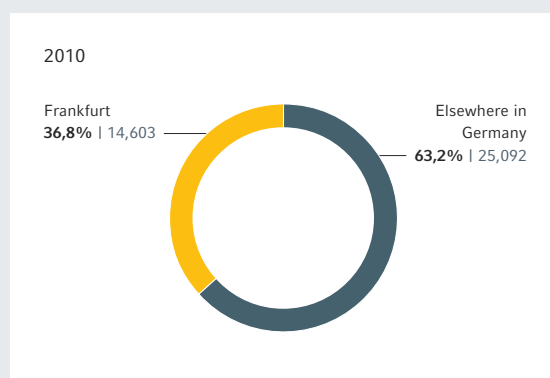
¹ Excluding trainees.

- Fully covered
- ◐ Partially covered
- Not covered
- ⊗ Not relevant

**Commerzbank AG workforce by type of contract
(permanent/temporary)**



Commerzbank AG employees by place of work



● **LA2 Total number and rate of employee turnover
by age group, gender, and region**

Employee turnover in 2010 was 4.3% overall. One third of employees have been at Commerzbank for more than 20 years; the average period of service is 15.9 years.

The number of employees leaving the Bank is relatively low, particularly among employees in the 30 to 50 age bracket. In 2010, the proportion of leavers was somewhat higher among the men than the women, and the proportion of employees at Frankfurt leaving the Bank was lower than in other areas of Germany. The overwhelming majority of departures from Commerzbank were as a result of notice given by the employee or by amicable agreement.

Employee turnover at Commerzbank AG by age

	2010	
	Total	in %
Employee leavers, under 30 years old	394	5.2
Employee leavers, 30 – 50 years old	768	3.2
Employee leavers, over 50 years old	555	8.1
Total employee leavers	1,717	4.3

Employee turnover at Commerzbank AG by gender

	2010	
	Total	in %
Employee leavers, women	792	4.0
Employee leavers, men	925	4.7
Total employee leavers	1,717	4.3

Employee turnover at Commerzbank AG by region

	2010	
	Total	in %
Frankfurt	434	3.0
Elsewhere in Germany	1,283	5.1
Total	1,717	4.3

**Employee turnover at Commerzbank AG
by reason for departure**

	2010	
	Total	in %
Contract terminated by employee	668	1.7
Contract terminated by employer	12	0.03
Amicable agreement	607	1.5
(Early) retirement/partial retirement	119	0.3
Incapacity/death	1	0.01

The Bank is particularly concerned to understand the reasons behind the decision by any employee to terminate their own employment contract and to avoid (from the Bank's perspective) regrettable departures by recording such reasons in detail and promoting employee satisfaction. From 2011, the reasons behind employee departures will be systematically recorded in structured interviews and used to bring about improvements within the individual segments.

The results of regular employee surveys demonstrate a high level of employee satisfaction with their immediate working environments. Managers identify particularly strongly with the Bank. Increased communication regarding corporate objectives helps to engender a high level of employee loyalty to the company. The surveys also show that there is a high degree of commitment from employees to the measures necessary for integration. In September 2010, roughly 30,000 employees were invited to take part in a comprehensive integration survey (Change Monitor) specifically covering this topic. The acceptance of the merger, expressed as an "integration commitment index" (IE), continues to be very high. The IE is a measure of the extent to which managers and employees make a commitment during the course of the integration process

and the extent to which they are prepared to take ownership of integration issues. The index value from this survey was 70, a high level unchanged from the previous survey.

One of the individual questions attracting the most positive responses was the question about an employee's individual motivation. In contrast, some occasional scepticism was expressed regarding announcements of successful performance "from the top" and the fact that this was not necessarily consistent with employees' day-to-day experience in practice. In order to raise the level of employee satisfaction in the context of the integration, one of the Bank's approaches has been to run training sessions for managers on the topic of change management. The aim of these training sessions is to make it easier for the participants to apply a degree of sensitivity when handling employee worries and fears during the change process. In addition, the Bank has been running mandatory workshops specifically to support team building and integration.

● **LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations**

Commerzbank offers a comprehensive, attractive range of supplementary company benefits that generate staff loyalty and enhance the extent to which employees identify with the Bank. This broad range of supplementary

company benefits includes, for example, subsidies for company parties with a view to consolidating bonding between colleagues, and restaurant vouchers for €150, which managers can use to say "thank you" to employees and express their appreciation on an individual basis. Other examples are company car leases on attractive terms and the opportunity to buy Bank products at special rates.

All supplementary benefits are available to all employees with the exception of benefits under the occupational pension scheme, which are only available to employees with a permanent employment contract.

Aspect: Labour/management relations

One of the features of the cooperation between employee representatives and the Bank is that this cooperation is based on a trusting, constructive partnership that also includes open criticism. Numerous joint negotiations have been held in both 2010 and 2011 in which the two sides have come to an agreement on many far-reaching change processes, the outcome being in the form of company agreements that take into account both the Bank's interest in a prompt, efficient implementation of changes and the justified social interests of the employees. These agreements include, for example, the creation of fundamentally revised remuneration arrangements against the background of the financial crisis and the early agreement on key measures in connection with the migration of Dresdner Bank IT systems to those of Commerzbank.

In the future, the Bank will continue to conduct joint negotiations with employee representatives on many important change processes and thereby continue to strive for joint solutions that are both financially successful and socially well balanced. In 2011, key areas of focus in joint negotiations with employee representatives include, in particular, health management, demographic change and women in management positions.

● **LA4 Percentage of employees covered by collective bargaining agreements**

Approximately 38,000 employees (which equates to around 98% of the workforce) have employment contracts subject to collective bargaining agreements.

Company benefits at Commerzbank AG

€1,000	2009	2010
Pension expenses	143,638.3	157,025.5
Employer portion of BVV pension contributions ¹	72,172.2	68,063.5
Lunch allowances (Bank cafeterias, luncheon vouchers)	13,954.0	19,924.0
Jubilee payments (incl. provisions)	11,943.7	17,450.0
Reimbursement of banking commissions and fees	19,679.0	20,053.0
Employee shares	0.0	0.0
Annual leave allowance (in Germany and abroad)	339.4	313.0
Company parties and other company events	3,124.4	4,774.0
Other (e.g. company assistance for childcare, subsidies for inhouse sports activities, healthcare)	6,901.6	6,642.0
Total	271,752.6	294,245.0

¹ Every new employee is registered with the BVV occupational pension scheme for the financial industry in Germany. The Bank and the employee each pay half of the monthly contribution, which is based on individual salary. The employee's share is treated as deferred compensation and deducted from gross salary at source, thus reducing taxable income.

● **LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements**

If any restructuring and associated reduction in the size of the workforce is required, the relevant action has to be comprehensively discussed with the bodies representing employees. If any such changes are planned, an agreement must be reached on a reconciliation of interests required by German law and a redundancy scheme. The particular purpose of a redundancy scheme is to compensate for the social hardship caused when an employee loses his/her job.

The works council also plays a critical role in the actual implementation of any such changes at local sites in order to ensure that the necessary job cuts are carried out with the lowest possible social impact for the employees concerned. Not least as a result of this constructive cooperation, the Bank has been able to avoid compulsory redundancies to date, even in connection with the integration of Dresdner Bank.

When implementing change processes, the Bank consistently takes care to involve employee representatives as soon as possible. Similarly, the Bank ensures that employees are informed as quickly as possible of any important changes that may affect them. The mutual, prompt exchange of information is not only imperative for openness and transparency in internal communications, it is also a key requirement if the Bank is to receive a commitment from employee representatives and the employees themselves to the implementation of the change processes concerned.

Aspect: Occupational health and safety

The success and productivity of a business stands or falls on the efficiency of the employees. Occupational health and safety therefore forms the basis for health management at the Bank. Since 1976, Commerzbank activities in this regard have extended beyond the statutory requirements. Commerzbank was the first bank in the private sector to be successfully audited country-wide by the VBG employers' liability insurance association and to be awarded the "Systematic health & safety" certificate.

The initiatives undertaken by the Bank in 2010 included the establishment of an "Employee Council on Health". In this council, employees discuss any workplace health issues that are of particular concern to them with the member of the Board of Managing Directors responsible for HR and the chairman of the Central Works Council. In this way, the Bank is always in close contact with its employees in relation to health issues.

The range of services offered by Commerzbank as part of its approach to health management focuses on four areas: a balanced diet, physical exercise, avoidance of addiction and personal strategies for handling stress. The Bank provides employees with access to services in all these areas (see LA8). In addition, in the twelve months from July 2010 to June 2011, the Bank ran "clear-out days" that helped to identify, streamline or eliminate superfluous activities or administrative processes. This action was intended to relieve the burden on employees, reducing any significant work or time pressures that employees might be feeling. The Bank also provides a very broad range of inhouse sporting activities, which are used by 17,000 employees. Since 2010, these activities have been more closely integrated with health management so sport and health management can be combined to actively promote employee health. Closer attention is also being paid to the needs of employees with health or mobility limitations: to this end, the Bank has set up the "Accessibility project group".

● **LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes**

All Commerzbank employees are represented on the health and safety committee – a central health and safety committee covering Commerzbank Group Germany is based in Frankfurt am Main and is responsible for the head office, branches and subsidiaries. Details regarding the responsibilities and the composition of this committee are specified by the German Health & Safety at Work Act (ASiG). All groups and units have representatives on the health and safety committee and work together in a spirit of partnership.

● **LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region**

In 2010, the accident rate in Commerzbank Germany was 18.0 per 1,000 employees and therefore at a low level, certainly below the target levels specified by the employers' liability insurance association. The main types of accidents reported were trips and falls related to the behaviour of the injured party (50%) and accidents on the way to or from work.

In this case, it is not possible to make any systematic comparison with 2009 because there are no comparable datasets for both Dresdner Bank and Commerzbank. In 2010, there were no accidents at Commerzbank resulting in death. The sickness rate was 4%, although this does not include long-term sickness. This rate does cover both work-related and non-work-related sickness because no clear distinction is possible.

Number of workplace accidents by region

2010	Frankfurt	Rest of Germany	Total
Accidents at the workplace or on the way to/from work (more than 3 days incapacity)	106	228	334
of which accidents at work	23	59	82

Since 2010, Commerzbank has offered a structured range of advisory services as part of its return-to-work and disability management (known by the German acronym BEM) for employees who have been sick for more than six weeks in a year. The aim of these advisory services is primarily to work out individual solutions with a preventive approach in conjunction with the employee, enabling the employee to get back to day-to-day work as quickly as possible and thereafter remain healthy and working at the Bank on a long-term basis.

● LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases

Commerzbank offers training, counselling services and prevention programmes to help employees remain healthy. These services are available exclusively for employees, except in the case of psychosocial counselling in difficult situations affecting an employee's professional and personal life, in which case the service can also be used by family members living in the same household. Following a pilot project in 2010, this Employee Assistance Programme (EAP) has now been extended to cover all employees in the parent company, Commerzbank AG. Managers who face health issues or are in need of advisory support in connection with their management responsibilities can also use the EAP. This programme means that all employees throughout the branch network have access for the first time to experts with whom they can discuss psychosocial and medical issues.


Since May 2011, all employees have had to successfully complete a mandatory web-based training programme on employee health at Commerzbank. The programme offers tips and information, describes the Bank's range of health services related to nutrition, physical activity, stress management and the prevention of addiction, and presents the "Im Lot" work-life balance project. The latter project included a detailed examination of factors that could adversely affect the health of employees at the Bank and worked out a series of recommendations for mitigating these factors. The web-based training programme allows the Bank to ensure that all employees throughout its widely spread branch network are included in its efforts to address the issue of health.

In addition to the psychosocial counselling services mentioned above, Commerzbank's range of advisory services include support from the company doctor at the point where job and health issues come together. The services also include ergonomic advice, advice on healthy eating from the company doctor, addiction counselling and support for employees who are trying to give up smoking.

In terms of prevention and risk control, Commerzbank also offers regular eye tests by the company doctor, health checkups for senior executives and a range of other tests and checks by the company doctor (blood pressure, diabetes prevention, weight control, etc.). The Bank has also recognised that cashiers can be exposed to psychological problems if they experience a robbery and a number of years ago introduced a specific company support programme to address this.

In the event of minor injuries or temporary problems such as headaches, all employees in Frankfurt have access to treatment from nurses at one of the three first-aid centres.

The activities of the health and safety specialists (FASI) are central to health and safety at the Bank: these specialists carry out regular inspection tours in all units and can provide advice on all matters related to health and safety. The Bank also provides training or financial support for participation in external seminars where managers, for example, are trained to recognise employees under stress. Works council members, safety and floor officers, managers and any interested employees are regularly offered training in general health and safety issues and in specific topics, such as fire protection, ergonomics and "well-working" arrangements.

 www.nachhaltigkeit.commerzbank.de > Mitarbeiter
> Gesundheitsmanagement

In the case of the latter, everyone at the Bank is very well aware that, for example, musculoskeletal problems can be caused by VDU-based activities. In order to help prevent or alleviate these problems, the Bank has included motorised height-adjustable desks (where employees can work either sitting down or standing up) in its standard range of furniture.

● LA9 Health and safety topics covered in formal agreements with trade unions

Employee representatives are involved at an early stage and in a spirit of partnership in all health and safety matters. Significant health and safety topics are identified by the relevant specialist units and discussed in the health and safety committee. Currently, the Bank and the Central Works Council are negotiating a company agreement, as a result of which physical and psychological risks will in future be recorded as part of the regular risk assessment and action will be taken to prevent such risks materialising.

Aspect: Training and education

Training and education is key to current and future quality assurance and performance at Commerzbank. An entire section in the magazine section of this report is devoted to a detailed discussion of this topic (see page 30).

The core of the training provided for trainees and students on integrated work/study courses at Commerzbank comprises theoretical studies at the vocational college or university involved in the scheme and an inhouse skills development programme in cooperation with the Frankfurt School of Finance & Management (FSFM). Management trainees take part in seminars for the development of specialist skills in connection with their areas of work; they also attend orientation days (at which they are introduced to the structure of Commerzbank, given an understanding of their role as a management trainee and can network with trainee colleagues from other areas) and the “Personal Impact” seminar (presentation training, reflection on self-image and public image). International participants in the “Graduate Programme Corporates & Markets” together receive, among other things, a five-week period of training in London in cooperation with 7City, an external training provider.

Commerzbank sets great store by forward-looking management of the next generation of managers and employees. It undertakes collaborative activities with prestigious partners and implements its own programmes, which together contribute to the development of general financial literacy among school pupils. Examples include specialist lectures at selected schools as part of the “Handelsblatt macht Schule” scheme and Commerzbank’s own “Backstage” job application training. At university level, the Bank restructured the objective of its “management meets campus” university concept in 2010, adding six top universities in other European countries to bring the total number of universities to 37. A well-balanced commitment to a range of different faculties is increasingly ensuring that Commerzbank attracts the attention of students in fields of study not normally associated with banking, such as arts, social sciences, law, natural sciences and IT.

Commerzbank also offers structured opportunities for careers in general or project management, supported by a comprehensive range of skills development courses. The Commerzbank Management Programme (CMP) and the Commerzbank Project Management Programme (CPP) are both broken down at the development stage into a Development Programme (before the employee concerned takes over the target function) and a Professional Programme (which supports the employee after he/she has taken over the function). In addition, the Bank offers the option of a specialist career focusing on particular specialist expertise in contrast to the professional development offered under the general management and project management options.

● LA10 Average hours of training per year per employee by employee category

Average hours of training per year per employee by employee category¹

	2010
Management levels 1–4	12
All employees	30

¹ Calculation:
$$\frac{\text{Total hours for each employee category}}{\text{Total number of employees in each employee category}}$$

● LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

“Identifying and maintaining personal potential” is a topic at the heart of one of the modules in the executive management development programme.

In addition, the issue of employability (and all facets thereof) is to form one of the topics covered in a demographics project known as “HR activities based on stage of life” initiated by the Bank in April 2011. Work on the specific details of this project has been under way since the summer of 2011. The Bank also offers outplacement advice for managers in connection with any future switch to jobs with other employers.

As part of the options available to employees preparing for retirement, Commerzbank offers different models for pre-retirement part-time working which provide employees with flexibility in the later stages of their working life.

● LA12 Percentage of employees receiving regular performance and career development reviews

Open, clear feedback is provided at Commerzbank as a matter of course: once a year, every employee undergoes a performance appraisal and goal attainment review. In addition, 360 degree feedback is an integral part of executive management development at the Bank.

In the 360 degree feedback process, roughly 3,770 Commerzbank employees give the Board of Managing Directors, executives, the second management level and selected project managers an assessment of how they have perceived their leadership and management behaviour over the previous year. This gives managers the opportunity to see how they are viewed from a number of different perspectives and then to target their professional development accordingly.

Commerzbank offers a comprehensive range of professional development opportunities for all employees and managers.

Aspect: Diversity and equal opportunity


The diversity of our employees is a cornerstone of the Bank’s performance – both today and tomorrow – because it brings talent, experience and creativity into the company. The importance and promotion of diversity is therefore also one of the topics covered in detail in the magazine section of this report (see page 37). Commerzbank actively promotes diversity in order to

attract and retain the best talent for the Bank. The deliberate pursuit of diversity in the workforce has a positive impact on commitment, motivation, innovative strength, loyalty and openness; it creates an excellent working environment – and therefore ultimately also benefits the performance of the Bank.

Commerzbank has been promoting diversity since the end of the 1980s, particularly with regard to opportunities for women. Initially, the focus was on work-life balance but later switched to the issue of equal opportunities. The proportion of women working at Commerzbank had already reached the 50% mark by 1975. In the period 1980 to 2010, the proportion of women managers rose from around 5% to approximately 23%. This trend has since flattened out, which is why we have now decided to renew our efforts in this regard with a commitment in the form of the “Women in management positions” project.

Since the start of 2001, diversity management at Commerzbank has been broadened to cover the entire range of cultural, social and skills diversity among the workforce. Current strategies include, for example, initiatives related to women in management positions, work-life balance, cooperation between the generations, sexual orientation and cultural diversity in the workforce. A large number of networks are available to employees within the Bank in support of these strategies, including the “Courage” women’s network, the “Arco” network for gays and lesbians, the “Focus on fathers” network and the “CrossCulture” group of experts on intercultural issues. The Bank also supports “KulturWerk”, an overarching association within which groups of employees meet to pursue shared interests and hobbies in their leisure time.

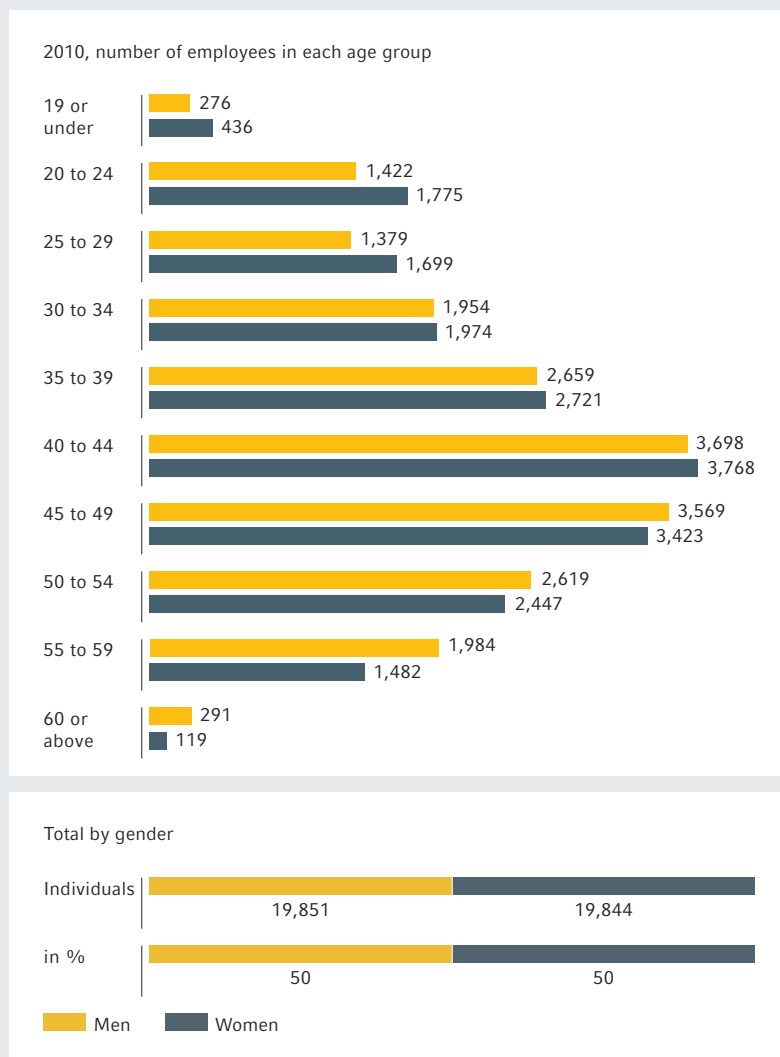
Commerzbank’s wide-ranging commitment to diversity and equal opportunities has also attracted accolades from outside the company. Back in 1996, the Bank received the Cosmopolitan Award for most family-friendly company in Germany, and over the last few years has also received a distinction from the German “Total-E-Quality” organisation five different times for its HR policy in support of equal opportunities. In August 2010, Commerzbank was again awarded the “Work and Family Audit” certificate by the Hertie Foundation, the fourth time that the Bank has received this award. In 2010, the Bank was awarded the Max Spohr Prize by the Völklinger Kreis association in recognition of the Bank’s particular commitment to supporting gay and lesbian employees.

 www.commerzbank.com/Diversity
www.total-e-quality.de/en
www.vk-online.de/max-spohr-preis.de

● **LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity**

A clear feature of the age-group structure at Commerzbank is that there is a concentration of employees in the 30-50 age bracket. The Bank is aware that this age group structure will cause difficulties in the medium term. The number of suitable young people coming into the jobs market is falling and if the Bank does not succeed in recruiting younger new employees there is a risk of an increasingly ageing workforce at the Bank. In the worst case scenario, forecasts show that the age structure of the Bank's employees will no longer be in balance in about 10 years' time. However, within this over-

Commerzbank AG workforce by age and gender



Age structure of Board of Managing Directors

	2010
Aged 60 or above	–
Aged 50 to 59	2
Aged 40 to 49	8
Aged 30 to 39	–
Aged 30 or under	–

all picture the situation is very different from segment to segment: whereas younger employees are in the majority in front-office functions, the average age of employees in back-office units is much higher.

The Bank is employing a number of strategies to meet the challenges presented by the age structure. Employee professional development measures are to be aligned more closely with the individual needs of employees. In particular, the aim is to ensure that the productivity of older employees is maintained.

Proportion of female employees at Commerzbank AG by management level

in %	2010
Proportion of women in overall workforce	50
Proportion of women at management levels (MLs) 1–4 in total	23
ML 4 – head of group	29
ML 3 – head of department	13
ML 2 – head of unit	11
ML 1 – head of division	5

In 2010, all ten members of the Board of Managing Directors were men.

One of the Bank's key objectives is to achieve a balance between the number of men and women at all management levels. The "Women in management positions" project, a project initiated by the Board of Managing Directors that has been in progress since 2010, comprises a whole bundle of measures reflecting the Bank's commitment to increasing the proportion of women in management positions over the long term.

These measures include a mentoring programme, in which all members of the Board of Managing Directors and managers at the first and second management levels act as mentors, and in which 50% of the mentees have to be women. The Bank runs segment-specific career days in order to improve transparency regarding possible career opportunities. These events allow employees and managers to discuss the available options and provide an opportunity for networking. The WomenUp event in 2010 attracted applications from 373 female students, of whom 72 were given the opportunity to participate. Following the event, 16 of the women were given an employment contract. Other measures include the provision of special technical equipment, the opportunity to work 10% of normal working hours during the period of parental leave (so that the employees concerned can maintain contact with their working environment) and, for example, a gradual expansion of childcare facilities. There are also action plans that challenge managers to significantly increase the proportion of women in the pool of potential managers and plans that have resulted in a substantial increase in the number of women observers during selection procedures. In addition, the Bank has also run one-day diversity training workshops to raise awareness among managers of the “Women in management positions” project and encourage participants to get to grips with the issues of diversity and efficiency and role stereotyping.

Nationality mix and the number of people with disabilities at Commerzbank AG

In 2010, 38,442 Commerzbank employees were German citizens, 647 citizens of other EU Member States and 605 citizens of other countries.

Commerzbank provided a total of 1,952 positions for the severely disabled in 2010 in accordance with mandatory requirements under German law. Of these positions, 1,751 were filled and 201 were vacant. A special “Accessibility project group” has been set up by the Bank in order to give more priority to accommodating the needs of persons with limitations to their health or mobility.

LA14 Ratio of basic salary of men to women by employee category

An overview of salary structure at Commerzbank is best presented via pay-scale brackets because individual salary details are protected as confidential information and there are corresponding restrictions on forwarding such information, including for statistical analysis by gender or other diversity criteria. The following table shows a breakdown of the number of employees in each pay-scale bracket by gender:

Salary structure at Commerzbank AG: gender breakdown within the pay-scale categories covered by collective bargaining agreements

2010	Men	Women
> Scale 1–3	16	39
> Scale 4–6	1,389	4,564
> Scale 7–9	4,192	8,676
> Outside scale	14,115	6,440
Hourly, monthly or other wages	139	125

Scale: Pay-scale level under collective bargaining agreement.
Outside scale: employees with remuneration arrangements outside the collective bargaining agreement.

Social: Human rights

By participating in the UN Global Compact, Commerzbank has undertaken to

- respect human rights,
- promote respect for human rights within its own sphere of influence, and
- ensure that the Bank's own business activities do not support human rights violations.

Commerzbank has based its detailed policy on human rights on internationally accepted human rights standards, including the UN International Bill of Human Rights and the international labour standards of the International Labour Organization (ILO).

Commerzbank's commitment to human rights is also reflected in its corporate values. The "ComWerte" are both a manifestation of the Bank's corporate culture in practice and a set of requirements for the future. They provide a framework that guarantees support and respect for human rights as a fundamental and integral part of the way in which everyone at Commerzbank works together with each other day in day out.

Disclosures on management approach – social: human rights (DMA-HR)


Commerzbank has a clear policy on human rights. Its objectives and guidelines relating to human rights are published online at www.nachhaltigkeit.commerzbank.de in the Governance, Guidelines and Policies section. Commerzbank has used a number of sources for its own policy including the UN International Bill of Human Rights and the ILO international labour standards. Commerzbank's participation in the UN Global Compact and the Bank's "ComWerte" are an expression of this policy in practice and the latter set out the specific details of the way in which the Bank meets its obligations to respect human rights (see page 7/8).

As regards Commerzbank's capital investment and procurement practices, the Bank's procurement guidelines are of particular importance. Group Procurement is largely responsible for implementing these guidelines. When the various offerings from suppliers are analysed, environmental, social and ethical aspects are taken into account in addition to the costs.

Suppliers are regularly screened to check whether they are complying with environmental and social standards, although there is only so far that Commerzbank can go of course in exercising control over its suppliers.

In terms of non-discrimination policy, Commerzbank's Business Conduct Guidelines (Code of Conduct) makes it clear that conduct such as workplace bullying, discrimination and sexual harassment is incompatible with the corporate culture at the Bank. The code makes it abundantly clear that the Bank does not tolerate any form of discrimination because of ethnic origin, gender, religion, ideology, disability, age, sexual identity or on any other basis. The Code of Conduct is accompanied by a manual which is available to all employees on the intranet and a training session on the requirements of the German General Equal Treatment Act (AGG) is mandatory. Comprehensive diversity management also promotes individuality among employees.

A material fact relating to the right to freedom of association and collective bargaining is that the vast majority of Commerzbank employees work in Member States of the European Union. These countries have already embedded UN and ILO human rights standards in national legislation. It goes without saying that Commerzbank complies with the statutory requirements in each country. Furthermore, the Bank has introduced standards throughout its organisation that encompass human rights and not only reflect the UN and ILO standards but also frequently extend beyond these requirements. In addition, Commerzbank is a financial service provider and can categorically state that there is no possibility whatsoever of any kind of forced or compulsory labour, or child labour, in its own workforce. The Bank also imposes a requirement on its suppliers to prevent child and forced labour (see page 133). The types of business activities in which Commerzbank is involved mean there are unlikely to be any dubious safety practices from the point of view of human rights and the Bank has therefore not implemented any special management processes in this regard.

 www.ilo.org
www.un.org
www.commerzbank.com
> About us > Compliance
> Business Conduct
Guidelines

Commerzbank's participation in the UN Global Compact gives rise to an obligation to protect the rights of indigenous peoples (see HR 9, page 133). As in the case of other human rights issues, the rights of indigenous peoples are also taken into account when Commerzbank's Reputation and Sustainability Management unit carries out a wide-ranging assessment of sensitive transactions and business relationships. If the result of one of these assessments is negative, the Bank may decide to reject the transaction or even to terminate the business relationship concerned (see page 71).

Aspect: Investment and procurement practices

● HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

The Reputation and Sustainability Management unit uses a qualitative approach to manage reputational risk, and to this end works in close cooperation with other relevant units. All transactions and business relationships in which aspects of sustainability play a material role are extensively researched and analysed, and subjected to a wide-ranging evaluation. This may extend as far as rejection of the relevant transaction or termination of the business relationship. As part of reputational risk management, transactions or relationships are screened against all the principles in the UN Global Compact and subjected to various other checks. These checks depend on a number of factors including the nature of the project, the industry concerned and the circumstances (for example, political environment or conflicts) prevailing in the country of the project.

Currently, the unit's activities in this regard are focused on corporate customers and interbank business. In the course of processing, all transactions and business relationships are screened to establish whether they may give rise to any potential reputational risk for the Bank. In particular, an in-depth check and evaluation is then carried out in respect of transactions and business relationships with a connection to commodities, energy, armaments or any general controversial issues from a sustainability perspective. Reputational risk management is an integral part of central business processes, whether at a national or international level – starting from an analysis of new customers through to annual renewal of facilities. In 2010, approximately 1,600 individual transactions or business relationships were reviewed in depth in terms of reputational risk (including human rights issues),

following which an appropriate decision was taken. Commerzbank's experience over the years is that around 10% of transactions are assessed negatively.

● HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

Commerzbank makes the most of opportunities presented by collaborative activities with suppliers to help promote environmental protection and human rights. The Bank necessarily takes a broad brush approach to the implementation of these principles – after all, 70% of procurement is accounted for by more than 450 suppliers. The approach is mainly based on the procurement guidelines applied by Group Procurement. These guidelines also include ethical guidelines which themselves include a mandatory requirement for respect for human rights in all procurement transactions. In addition, Commerzbank has a standard for sustainable procurement, a tool that has enabled the Bank to implement a process of environmentally aware procurement and facilitate this process by recommending useful environmental seals of approval. A range of procurement categories, including office supplies, paper, office machines, company vehicles and travel have been reorganised from a sustainability perspective in processes from invitations to tender to the selection and validation of suppliers.

The practical implementation of the guidelines involves several stages. Right at the very beginning, the invitation to tender sets out clear specifications regarding sustainability standards. All tendering suppliers are evaluated on the basis of a self-declaration questionnaire submitted by the supplier; this questionnaire includes questions on human rights and the prohibition of forced and child labour, and also asks for details on the supplier's environmental management system. Key suppliers are subject to an assessment, both as part of a regular assessment schedule or if triggered by a particular event, depending on the credit risk and the extent to which the supplier concerned can be substituted. In 2011, Group Procurement began the first audits of strategically important suppliers at supplier premises. In the year under review, no contracts were cancelled because the supplier had failed to respect human rights.

- Fully covered
- ◐ Partially covered
- Not covered
- ✕ Not relevant



● **HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained**

Commerzbank's Business Conduct Guidelines (Code of Conduct) encompasses rules for irreproachable conduct, and this includes compliance with legal provisions and respect for human rights. The code applies equally to all employees, from senior company management down to trainee level. A manual to accompany the code is available on the intranet. All employees at the Bank must make sure that they are familiar with the statutory requirements and are supported in this regard by Commerzbank. Managers are under an obligation to provide assistance to employees, particularly if employees have difficulty understanding aspects of the code, and to provide support and advice if other problems arise. Additional sources of information are also available in the form of detailed guidelines and manuals that accompany the Code of Conduct. In addition, all employees must complete a mandatory training session on the requirements of the German General Equal Treatment Act (AGG), the aim of this training being to heighten employee awareness of the issue of discrimination.

In addition, the reputational risk management unit organises roadshows for individual departments (for example, front-office departments) in order to increase awareness of reputational issues. This training also includes human rights issues. Commerzbank does not currently have any data on the proportion of employees who have received specific training in human rights issues.

Aspect: Non-discrimination

● **HR4 Total number of incidents of discrimination and actions taken**

Fair behaviour in the workplace and a spirit of partnership are deeply embedded in the traditions of Commerzbank's approach to management. In 2004, the Bank and employee representatives entered into a company agreement in this regard. This agreement specifies that, under the employer's duty of care, the employer has a responsibility to protect its employees against any kind of psychological or physical injury. The agreement makes it absolutely clear that the Bank will not tolerate any bullying, sexual harassment or discrimination in the workplace and that such conduct is therefore completely forbidden because it seriously disrupts peaceful office relations, violates human dignity

and personal rights, and causes a stressful, negative working and learning environment coupled with a risk to health. Such conduct is incompatible with the corporate culture at Commerzbank.

Respect and a spirit of partnership are among the five declared basic values of the Bank introduced with a high-profile launch in terms of comprehensive communication and subsequently closely monitored on an ongoing basis. For many years, the diversity management unit has been working to promote a prejudice-free working environment and mutual acceptance, and very consciously to make the most of the diversity among the workforce. Employees who are able to put their own personal ideas about work-life balance into practice tend to be particularly motivated and productive. In addition, teams that involve cooperation between people with different talents, experience and perspectives are in a rather better position to quickly identify the needs of different customers and ensure that these needs are successfully satisfied. This is why Commerzbank has also signed the "Diversity Charter" for companies in Germany, thereby sending out a signal for employees, customers and business partners that the Bank very much backs individuality and diversity.

The Bank experiences few cases of discrimination, with any cases that do arise generally being dealt with immediately at the local office concerned. Any cases that cannot be resolved immediately are referred to the head office. It is not possible to give precise figures for the total number of cases because discrimination is handled as part of the broader topic of workplace bullying. However, the Bank estimates that the total number of discrimination reports handled by the head office each year is in single figures.

Aspect: Freedom of association and collective bargaining

Commerzbank attaches great importance to proper consideration of the interests of its employees when making all key corporate decisions. The close cooperation with employee representatives, for example in relation to the establishment of the return-to-work and disability management system in 2010, is evidenced in a large number of company agreements. The Bank engages in regular and constructive dialogue, conducted in a spirit of partnership with employee representatives on all topics where employee co-determination is relevant.

● **HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights**

Commerzbank attaches great value to collective bargaining and collective agreements. First, collective bargaining is essential if the Bank is to ensure a well-balanced consensus on material issues. Secondly, collective agreements provide legal certainty in the event of any changes, for example, to the remuneration system. Such legal certainty would otherwise only be possible by making changes to individual employment contracts.

The Bank is not aware of any instances in which Commerzbank's business activities or its corporate units would fail to respect or would threaten freedom of association or the right to collective bargaining.

Aspect: Child labour

● **HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour**

Commerzbank is a financial service provider and can categorically state that there is no possibility whatsoever of any kind of forced or compulsory labour, or child labour, in its own workforce. Indicators HR6 and HR7 are therefore not directly relevant. However, as part of its commitment to human rights and to the principles of the UN Global Compact, Commerzbank must also endeavour to ensure that none of its suppliers is involved in forced or compulsory labour, or child labour. This is enshrined in the procurement and ethical guidelines. Suppliers must furnish information on the risk of child or forced/compulsory labour and the largest suppliers must undergo an additional assessment as part of a regular schedule of checks (see HR2, page 131).

Aspect: Forced and compulsory labour

● **HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour**

See HR6, page 133.

Aspect: Security practices

✂ **HR8 Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations**

As a financial service provider focusing on business in Germany, Commerzbank is not faced with the need to deploy particular security precautions that would increase the risk of human rights violations. This problem is therefore not relevant to Commerzbank.

Aspect: Indigenous rights

● **HR9 Total number of incidents of violations involving rights of indigenous people and actions taken**

As a signatory to the UN Global Compact, Commerzbank strives to uphold and promote fundamental principles in the areas of human rights, fair labour conditions, anti-corruption and environmental protection. This includes particular protection for indigenous peoples, who are often subject to forced action such as compulsory resettlement or displacement.

Commerzbank is a financial service provider whose business activities are focused in Germany and these activities are therefore unlikely to cause a violation of the rights of indigenous peoples. There were no known cases of such violations in the period under review.

Social: Society

Commerzbank satisfies its corporate responsibility by undertaking a comprehensive range of activities involving charitable foundations, donations and sponsorship together with other commitments and initiatives (see page 64 and EC8, page 105).

The objective of Commerzbank is to be a fair market player and to participate in the political process. Commerzbank is well aware that the success of the Bank depends, in particular, on the confidence of its customers, employees, shareholders and the general public in the performance and integrity of the Bank. In turn, this confidence largely depends on how employees, executives and senior managers behave and how they use their abilities to benefit customers, Commerzbank and its shareholders.

Disclosures on management approach – social: society (DMA-SO)

In its conduct as a fair player in the marketplace and in the political process, Commerzbank observes, among other things, the OECD Guidelines on Multinational Enterprises and has made a commitment to the principles of the UN Global Compact and Transparency International. The Bank's Code of Conduct puts these principles into practice and at the same time sets minimum standards for all employees, executives and senior managers. It goes without saying that this includes compliance with all laws and regulations that apply to the area of business concerned. The objective of all action taken by the Bank in this regard is to ensure that the Bank's own integrity and that of its employees remain beyond reproach at all times.

Particular features of the impact of the Bank's activities on the community include the positive effect of Commerzbank and its financial services on the local economy and population, and the role of the Bank as an employer. Access to Commerzbank's products and services is second to none as a result of its retail branch network, which is one of the densest such networks in the whole of Germany. Building modifications to premises and technical initiatives related to

physical accessibility are opening up the Bank's financial services to all groups in the population (see FS14, page 135). The Commerzbank "Accessibility project group" is increasing awareness of this issue among employees.

Compliance with prevailing laws, guidelines and market standards constitutes the foundation of Commerzbank's responsible conduct as a financial services provider operating at a global level and forms an integral part of the Bank's business activities. This includes regulations aimed at preventing anti-competitive behaviour. Preventing and combating money laundering, the financing of terrorism, insider trading, fraud, corruption and other criminal activity is at the heart of Commerzbank's intensive efforts to preserve the integrity of the Bank (see pages 67 to 70). Among other things, all employees throughout the bank must complete mandatory web-based compliance training. The prevention of corruption forms an integral part of the Bank's broadly-based efforts to prevent fraud. The objective of the new Global Anti-Fraud Policy, which came into effect in March 2010, is to help the Bank more clearly communicate and implement its preventive approach to combating fraud and corruption. Commerzbank has also set up its own anti-fraud network so that it can track its progress towards this objective efficiently.

In addition, Commerzbank attaches great importance to dialogue with politicians because nowadays social and political factors have an impact on almost all key decisions made by an enterprise. The principal responsibility in this regard lies with the Public Affairs department (see page 9).

Aspect: Community**● SO1 Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting**

The positive impact of Commerzbank on local communities primarily comprises the importance of the Bank's financial services for activity in the local economy and community, and the role of the Bank as an employer. The integration process took care to ensure that the merger of branches did not give rise to any gaps in geographical coverage for Commerzbank services. The integration did not involve any compulsory redundancies so as to avoid any adverse impact on the local job market. Given the nature of Commerzbank's business activities, there is no material negative impact on local communities, such as significant environmental damage, from these activities. For these reasons, there is no need for any formal procedures to assess and control the impact of business activities on the community and no such procedures are carried out by the Bank.

● FS13 Access points in low-populated or economically disadvantaged areas by type

The new Commerzbank has one of the most extensive branch networks of any German retail bank.

● FS14 Initiatives to improve access to financial services for disadvantaged people

In order to make Commerzbank's services accessible to everyone – and in addition to its extensive branch network (see FS13) – the Bank attaches great importance, for example, to removing physical obstacles faced by disabled customers by undertaking the necessary building conversion work or by making sure there are no obstacles in the first place. It goes without saying that Commerzbank complies with all relevant statutory requirements and even goes beyond these requirements if at all possible. To achieve this objective, the Bank investigates the possibility of creating complete barrier-free accessibility as part of any reconfiguration or construction planning at Commerzbank premises and then implements such accessibility work during the construction work if it can be justified. In a further initiative, Commerzbank has set up an "Accessibility project group" to increase employee awareness of this issue and bring together health and

safety officers, construction managers and other managers across Germany in one common process. The measures related to accessibility do not just apply to the disabled, they also include access for the elderly and people using baby buggies.

The issue of accessibility also applies to the technology available for use by customers in Commerzbank branches. For example, in the case of ATMs, care is taken to ensure that there is optimum access for all user groups to the user prompts and the hardware. Commerzbank works together with the manufacturer to make sure all aspects of the ATMs are suitable for use by all people: ergonomic design of both the user software (for example, clear user prompts and easily readable text) and the equipment so that it can be used, for example, by people of any height, any age and by both the disabled and able-bodied.

Aspect: Corruption

The careful prevention of fraud including corruption is a fundamental contributing factor in ensuring that Commerzbank is seen as a reliable, trustworthy partner in all its business activities. Primary responsibility in this regard lies with Group Compliance, which is also responsible for managing the Bank's efforts to combat money laundering and the financing of terrorism (see pages 67 to 70).

● SO2 Percentage and total number of business units analysed for risks related to corruption

The prevention of corruption is an important integral part of Commerzbank's risk analysis. All 72 of the Bank's units (subsidiary and branch units in Germany and abroad, as well as head office units) are included in the compliance risk analysis. This risk analysis is based on a self-inspection, which includes a specific section on fraud risk. In turn, the investigation of fraud risk specifically addresses the types of risk that could arise in connection with corruption.

- Fully covered
- ◐ Partially covered
- Not covered
- ✂ Not relevant

● **S03 Percentage of employees trained in organisation's anti-corruption policies and procedures**

Since 2010, there has been a separate focus on dealing with corruption in the mandatory web-based compliance training used throughout the Bank. All employees must complete this training.

In 2010, this mandatory web-based compliance training programme was brought into force or made available in different units at different times during the course of the year. However, it is not possible to give definitive figures for the year under review because not all employees were under an obligation to complete the training before the end of the year. The issue of corruption will continue to be comprehensively covered in this web-based compliance training programme in 2011 and the relevant knowledge tested. If available, an updated version of the training programme taking into account the UK Bribery Act 2010 will be used.

● **S04 Actions taken in response to incidents of corruption**

The Bank has regularly reviewed and added further anti-corruption measures based on its systematic risk analyses over the last two years and based on discussions with other companies and experts. Another element of prevention work is to use an analysis of suspicious cases or cases that have come to light in order to improve preventive measures and rule out the possibility of future risk as far as possible.

Commerzbank management takes a zero tolerance approach towards corruption and criminal offences by employees to the detriment of the Bank or its customers. Any employee who is demonstrably culpable in this regard must bear the consequences under employment, criminal and civil law. The few suspected cases that the Bank or investigators have uncovered in the past have turned out to be isolated instances of passive corruption or a breach of trust on the part of an employee at the expense of the Bank, but at no financial cost to customers. There have been no cases of active corruption involving Bank employees for many years.

Integrity clauses are contractually agreed with business partners, as a result of which business partners are under an obligation to prevent corruption; the parties must notify each other of any instances of corruption that they identify. If there is any suspicion that an employee of a partner could have committed an act of corruption, the Bank will in the first instance seek a meeting with the senior management of the partner organisation. Similarly, the Bank will seek a meeting with any customer identified by the media or investigators as having a connection with corruption. On this basis, the Bank will attempt to ascertain the facts of the matter in each individual case openly and amicably with the company or customer concerned, as appropriate. Depending on the outcome of the meeting, the Bank may decide to continue the business relationship until further notice or suspend or terminate the relationship. The decision will be based on a number of critical factors including whether the business partner has any credible policy regarding the risks that have given rise to corruption and whether and to what extent the partner is prepared to initiate preventive action.

Aspect: Public policy

Dialogue with politicians is a key activity for Commerzbank because nowadays social and political factors have an impact on almost all material decisions made by an enterprise. Principal responsibility for this lies with the Public Affairs department. The structure of this department and the main tools used for dialogue purposes are described in detail on page 9.

● **SO5 Public policy positions and participation in public policy development and lobbying**

It is in the interests of all players in a country's economic activity, and particularly in the interests of financial service providers, to have stable financial markets. Therefore, at both national and international levels, Commerzbank regularly holds discussions with the relevant regulators, supervisory authorities and decision-makers in the political arena, and consistently emphasises the particular importance of clarity and reliability in regulations governing financial products and services.

Commerzbank also takes part in public policy development in connection with other socially relevant issues, such as energy issues and the related restructuring of a modern industrial society. Commerzbank, and specifically its Center of Competence Renewable Energies, has built up a comprehensive range of expertise over many years in this area. Another important social issue is the advancement of women in management positions. In connection with this issue, Commerzbank has undertaken an extensive internal programme of work and has made a public commitment to meeting specific targets set out in a declaration signed jointly by all DAX 30 companies in an initiative in conjunction with the German federal government, the federal states and local authorities.

● **SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country**

In the year under review, Commerzbank made no material contributions, either financial or in kind, to political parties or politicians.

Aspect: Anti-competitive behaviour

● **SO7 Total number of legal actions for anti-competitive behaviour, trust and monopoly practices and their outcomes**

In the period under review, no legal action was initiated against the Bank for anti-competitive behaviour, cartel or monopoly practices.

Aspect: Compliance

● **SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

In the year under review, just one penalty charge and one fine were imposed on Commerzbank. The penalty charge was payable to Euronext Amsterdam in connection with stock exchange regulations; the fine was imposed by the Darmstadt customs office in connection with foreign trade reporting requirements. The total amount payable was approximately €100,000, a negligible monetary amount compared with the overall business activities of Commerzbank in the year under review.

Social: Product responsibility



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Commerzbank has one of the densest network of branches among German private banks. Following the integration with Dresdner Bank, Commerzbank has a highly visible presence in the market with around 11 million private customers and 10,000 customer advisers in what will amount to 1,200 branches in the future. Commerzbank is systematically exploiting the integration-related changes in its business model to create a greater customer focus and to implement and improve quality in its processes. Commerzbank sees its customers as partners and has launched numerous initiatives to bring about an increase in customer satisfaction on a long-term basis.

Commerzbank is considered “the” bank for small and medium-sized enterprises in Germany and is aware of its responsibility to corporate customers. The Bank does everything it can to live up to the associated expectations – and with a huge amount of commitment. For example, it also factors in the future prospects for borrowers when making lending decisions. To this end, Commerzbank has developed a special rating system that takes into account these forward-looking aspects, for example, in the form of market appeal (see page 12). However, the Bank is also conscious of its particular corporate responsibility as regards export, project and structured finance and specifically screens such transactions from environmental, social and ethical perspectives. Commerzbank has defined sensitive areas for the purposes of reviewing the sustainability implications of transactions. The screening is carried out by a department that is independent of front-office functions and the outcome may be that a finance application or a business relationship is rejected.

Disclosures on management approach – social: product responsibility (DMA-PR, including FS15)

Commerzbank’s Mittelstandsbank segment provides support for SME customers and major corporates. Very small enterprises and small-business customers are covered by the Private Customers segment, which also looks after wealth management and private customers themselves.

Given the business activities of Commerzbank, the issue of the impact of products and services on the physical health and safety of customers, as referred to in the GRI guidelines, is of very little relevance in this case. It is a key concern of Commerzbank, however, to look after the interests of customers in terms of financial security and this is reflected, among other things, in the customer advocate and customer charter initiatives, and also in the impartial selection of investment funds (see pages 20 to 21 and page 139). Key aspects of the Bank’s responsibility in connection with products and services are covered primarily in a special section of this report under “Financial services sector supplement: Product and service impact” on pages 96 to 101.

As regards the labelling of products and services, again there are hardly any direct environmental or health implications at Commerzbank; much greater focus tends to be on issues of opportunity and risk in financial products. In this regard, new regulations regarding product information sheets and records of details discussed at investment advisory meetings must be observed, among other things. Customer relationship managers are helped by digital investment advice support. Employees can find out more about the enhanced options this offers via a web-based learning medium (WBT) (see PR3, page 140). In connection with customer satisfaction, Commerzbank is running extensive studies and programmes to bring together customer feedback channels into coherent systems (see page 22 and page 141).

As regards advertising and promotion, the “Klar-text” campaign initiated as part of the integration of Dresdner Bank includes a number of provisions, including that all Commerzbank advertising materials must convey information that is accurate, complete and relevant to the customer. This includes the fact that negative aspects must not be omitted and positive statements must be supported by evidence. Customer communications are regularly agreed with the legal affairs department.

The employees in the Commerzbank data protection officer's department ensure compliance with data protection regulations, guidelines and procedures when protecting customer data. The Head of Division, Group Security is simultaneously responsible for the function of data protection officer. The data protection policy of the Commerzbank Group, including the operational instructions in the data protection manual, plays a key role in data protection. The rules and regulations are freely available to all employees on the intranet. In terms of statutory requirements for products and services, the Compliance unit monitors compliance with regulatory requirements, legal requirements in connection with capital markets, and internal rules.

Aspect: Customer health and safety

The financial products and services offered by Commerzbank have no direct impact on the physical health and safety of customers (see PR1 and PR2). The social and environmental impact of products and services and the open, objective corporate communications in connection with products and services are covered under "Financial services sector supplement: Product and service impact", a separate section of this report on pages 96 to 101.

One of Commerzbank's key concerns is to look after the interests of customers in terms of their financial security. Commerzbank has been a trailblazer in the banking sector by introducing a customer advocate for private customers and a credit mediator for SMEs and major corporate customers (see page 14 on page 20).

Moreover, Commerzbank is the only financial institution in Germany offering neutral and independent fund selection, a service that the Bank has been offering since 2004. In conjunction with various strategic partners, such as the House of Finance at Johann Wolfgang Goethe University Frankfurt am Main, the Bank has developed a sound scientifically based key data concept, which will continue to form the basis for the selection of potentially successful funds in the future. As a general principle, all funds licensed in Germany and that are more than two years old are included in the process. The aim is to identify the fund managers in each of the various market segments who have outperformed the market on a sustained basis. The analysis is based on hard performance and risk data, ensuring impartiality and independence at all times. In addition, the Bank's head office investment team (ZENIT) carries out specific market monitoring on an ongoing basis.

Quality requirements and records of advice given ensure that the Bank can offer customers solutions that reflect their needs and transparently inform customers of the benefits and risks involved (see PR3, page 140).

✂ PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

Commerzbank is a provider of financial products and services and therefore does not offer any products or services that could have a significant negative impact on the health or safety of the customer. There is therefore no need for any assessments to establish potential for improvement and this indicator is not relevant.


✂ PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

Commerzbank is a provider of financial products and services and therefore does not offer any products or services that could have a significant negative impact on the health or safety of the customer. This indicator is therefore not relevant.

Aspect: Product and service labelling

Commerzbank is a provider of financial products and services and environmental or health issues are not as relevant to the labelling of these products and services as the labelling of products from a manufacturing company. However, what is extremely important for Commerzbank is the need to inform customers accurately and in full of the opportunities and risks associated with financial products, the need to comply with the relevant rules on the provision of financial advice and the need to provide the customer with a selection of appropriate financial solutions. Detailed information on the corresponding compliance issues can be found on pages 67 to 70.

- Fully covered
- ◐ Partially covered
- Not covered
- ✂ Not relevant

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● **PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements**

This standard PR3 report item relates to information on the origin of product components, the composition of materials, safe use and environmentally friendly waste disposal. As a provider of financial products and services, Commerzbank does not offer any products that are subject to such information requirements.

On the other hand, information about financially-relevant aspects of products is extremely important in the case of Commerzbank. The provision of comprehensive, balanced information to customers is currently a particular area of focus across the entire banking sector. Since the start of 2010, banks have had to make and retain records of investment advice discussions with customers. Such records must note the key content of such discussions. Another important element in this regard is detailed product information, including information on opportunities, risks and costs. Commerzbank uses centrally generated assessments that include both a product description and an up-to-date evaluation and recommendation for the security concerned. Assessments are produced for different asset classes and for a large number of securities.

Further requirements have been put in place by the recently enacted German Investor Protection Act (ASG). Since July 2011, it has been mandatory to give customers an associated product information sheet if investment advice includes any recommendation to purchase a product. The product information sheet must be structured in accordance with a uniform standard applied across all banks. Its purpose is to help customers understand the product by presenting information in a simple, objective form and including detailed information on costs. In the case of investment funds, the product information sheets are replaced by key investor information. The requirements of the relevant EU directive are thereby satisfied.

Commerzbank also uses "EVA-Anlageberatung", specialist software for investment advisers, to support customer advisers in individual investment discussions. This application is used to generate the record of the advice discussion, to which the relevant product information is automatically attached. A copy of the record can be sent to the customer if required. Extensive information and documents on the latest sales initiatives furnish advisers with details about new products. The

application is designed so that the customer – if he or she so desires – can follow all the steps in the advisory process for the security concerned on the screen. The process starts with the current situation on the capital markets, then moves to the consequences for the customer investment account (for example, sensible changes within asset classes) before arriving at suitable product solutions. The software can also be used to generate a record of the advice so that it is transparent for the customer; the outcome of the advice can be printed out. Feedback from our branches tells us that these electronic media are helping to increase transparency in the advice given by the Bank on securities. The availability of these documents means that customer advisory services can be well executed and, for example, the design of specific products explained.

The introduction of investment advice records was presented to advisers in workshops and events held at local sites. Employees have been able to learn about the wider opportunities offered by the EVA-Anlageberatung software via an web-based training medium (WBT).

As part of the integration of Dresdner Bank into Commerzbank, a training programme was provided for former Dresdner Bank employees involved in investment advice covering the legal basis, requirements under the German Securities Trading Act (WpHG) and implementation at Commerzbank.

The new German Investor Protection Act (ASG) requires proof of subject knowledge for all employees involved in providing investment advice. By 2012, Commerzbank will review the level of subject knowledge held by each relevant employee and provide additional training, where required.

● **PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes**

In the period under review, there were no known material instances of non-compliance with legal requirements or voluntary codes of conduct.

● **PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction**

Some of the tools used in the Private Customers segment to measure customer satisfaction and loyalty are described below.

Commerzbank operates an ongoing system in which a selection of private customers, small-business customers and wealth management customers are contacted each month in a telephone survey aimed at measuring customer loyalty. These customers are asked about their willingness to recommend the Bank to others and the background to their assessment. Wealth management customers are also asked about their satisfaction with the quality of advice.

An “Integration tracking” tool was introduced to establish how the merger between Commerzbank and Dresdner Bank was being felt and assessed by customers. In 2010, a monthly telephone interview was conducted with 300 customers from each of Commerzbank and the former Dresdner Bank. The interviews were continued in 2011, but only every two months. The customer barometer also determines the level of customer satisfaction on an annual basis, among other things by measuring customer loyalty and analysing the appeal of Commerzbank products from the customer perspective. A telephone survey is carried out once a year, involving 1,500 Commerzbank customers and 1,500 customers of the former Dresdner Bank. An encouraging picture emerges from the comparison between the customer barometer studies in 2009 and 2010. Customers delivered a verdict that was either positive or at least as good as in 2009 for the main criteria in quality of advice (for example, personal contact with the adviser, objective advice, honest information on product opportunities and risks, comprehensive investment advice tailored according to personal needs). Improvements were registered primarily in respect of customers of the former Dresdner Bank. The regular customer surveys also show that customer satisfaction at Commerzbank is at a reasonable overall level compared with competitors, ranking around mid-table for all banks in Germany.

Since July 2010, customer loyalty – measured using the net promoter score, the key performance indicator for quantifying the willingness of customers to recommend the Bank to others – has been factored in to the variable remuneration paid to the senior managers in the Private Customer segment. The quality of advice at Commerzbank once again received plaudits in a private banking test conducted by Euro magazine.

In the tests conducted in 2010 and 2011, Commerzbank was classified as “very good” on both occasions (Euro 7/2010 and 7/2011).

Further disclosures on customer satisfaction in the Private Customers segment can be found on page 22.

Quality management in the corporate banking business is making a substantial contribution to increasing customer satisfaction. A telephone survey of customers in the Mittelstandsbank segment is conducted at least once a year to establish satisfaction with Commerzbank and the overall range of products and services (although there was an exception in 2009 when a comprehensive, qualitative study of fundamentals was carried out involving customers in person). The last customer survey was carried out at the end of 2010 in the form of a briefer survey as a result of the integration of Dresdner Bank. One of the key findings was that around two thirds of customers were completely or very satisfied with the advice provided during the course of the merger and three quarters of customers would recommend Commerzbank to others. Almost 90% of customers stated that they expected to continue banking with Commerzbank in the future with at least the same volume of transactions. As for the assessment of products, payments processing was felt by the majority of customers, for example, to be excellent or very good. It was noted that there was some potential for improvement, for example, as regards money deposits. A number of factors will help to improve customer satisfaction, including action taken under the “Route to market leader” programme. The programme includes bundling existing customer feedback channels into a coherent system so that customers can be referred to the correct person more quickly. The focus of the programme is on compliance with uniform quality standards in customer satisfaction management, the launch of an active information management system and an increase in the quality of the service perceived by customers. A range of additional measures are being implemented to improve the quality of advice and generate a further positive impact. These measures include standardised processes, further development of discussion formats in line with customer requirements (so that the quality of advice can be maintained at a high level and customers can

be given expert support during all phases of development) and intensive further development of the industry expertise of customer relationship managers in all customer segments. The objective is to achieve an improvement in the Bank's understanding of customer needs, provide more closely tailored advice to customers and optimise quality in lending decision processes.

● **FS16 Initiatives to enhance financial literacy by type of beneficiary**

When advice is given directly in discussions with customers, the Bank provides comprehensive, balanced information on the opportunities and risks associated with the financial products concerned. In the Mittelstandsbank segment, the model used by the Bank for providing advice is carefully tailored to the size of customer involved, and an individual analysis of needs is drawn up in conjunction with the customer in a number of different core discussions.

Commerzbank has also developed a variety of programmes to strengthen the dialogue with current and potential customers and to develop the financial knowledge of these customers. Since 2006, the Mittelstandsbank segment has been running the comprehensive "UnternehmerPerspektiven" programme offering a dialogue platform for various issues or questions such as the following: What motivates the owners of SMEs in Germany in their day-to-day work? What trends are they interested in? What challenges do they have to face up to currently or in the near future? The purpose of the "UnternehmerPerspektiven" initiative is to pick up on these issues and discuss them together with SMEs in a network involving trade association representatives, academics, politicians and other business people. The latest studies under the programme have included "SMEs and their banks" and "Women and men at the top: the way German SMEs are led". In 2010, the corresponding dialogue events attracted around 70,000 participants, with the associated print media reaching around 37 million readers. Commerzbank was awarded the International German PR Prize in 2010 (business-to-business communications category) for its "UnternehmerPerspektiven" initiative.

Since 2010, in a joint project as part of the "Handelsblatt macht Schule" initiative, managers and employees of Commerzbank have also visited schools, taking over lessons for two hours at sixth-form level to explain and discuss economic issues with pupils and tell pupils about their day-to-day work. The purpose of

this commitment is to combine theory and practice, encourage young people to take an interest in and understand economic matters, and also introduce pupils with suitable skills to Commerzbank at an early age.

Aspect: Marketing communications

Customer benefit and quality of information are core principles at the heart of all Commerzbank's marketing, advertising and promotional activities. In connection with the integration of Dresdner Bank, Commerzbank launched the "Klartext" programme, which sets out important guidelines for the Bank's communications, including advertising and promotional materials. The "Klartext" initiative specifically requires that all Commerzbank advertising and promotional materials must convey information that is specific, complete and relevant to the customer. "Specific and complete" includes the requirement that any negative aspects must not be omitted and no positive statements must be made without being supported by evidence. Commerzbank also imposes corresponding requirements for the quality of its information on product features. A specific component of the rights of Commerzbank customers is that they will receive top-class advice and that the Bank will always describe the costs and risks in its products clearly and transparently.

● **PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship**

Customer communications are regularly agreed with the legal affairs department. Internal communications are agreed with this department as required.

● **PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes**

In the period under review, there were no known material instances of non-compliance with regulations or voluntary codes of conduct in this area of activity.

Aspect: Customer privacy**● PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

The Commerzbank data protection policy, which applies throughout the group, sets out general rules for dealing with personal data and customers in the Commerzbank Group. The data protection manual includes operational instructions for all the Bank's units in order to protect the personal rights of customers and employees. The rules and regulations are freely accessible to all employees on Comnet.

The Head of Division, Group Security simultaneously holds the position of data protection officer at Commerzbank. The employees in the Data Protection department, which is the responsibility of the data protection officer, are working towards compliance with all data protection requirements, guidelines and procedures.

The Bank ensures that personal data and customer data is protected by technical and organisational measures in accordance with section 9 German Data Protection Act (BDSG). In addition to controls on physical access to computing centres, the protection measures include a wide range of requirements aimed at ensuring information security, such as access controlled by passwords and by authorisation systems (for example, "Comsi"), restrictions on the forwarding of data (for example, by encryption of transmission channels), checks on data entry by the logging of access to data, checks on contracts by the monitoring and control of outsourcing contractors, availability controls via BCM measures, and separation controls achieved via separate storage of databases used for different purposes.

In 2010, Commerzbank received 86 complaints in connection with the protection of customer data, mostly complaints that unauthorised third parties had gained access to customer data. Of the complaints received, approximately 80% were found to be substantiated; 10% of the instances were brought by the regulator, either directly or at the instigation of customers. It was established that in around 10 cases unauthorised third parties had gained access to customer data or customer documents (for example, account documents sent to the wrong address, misdirection of tax documents, documents sent to an incorrect fax number).

One of Commerzbank's key objectives in the future will be to continue to ensure that customer data is protected. In this regard, the Bank is involved in work on international data protection regulations. Commerzbank has stepped up the amount of training it carries out in connection with data protection (for example, by providing training sessions for entire teams and projects). Data protection processes have been modified in line with the requirements of the new Commerzbank.

Aspect: Compliance**● PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

In the period under review, no material fines were imposed on Commerzbank in connection with the provision and use of Commerzbank products and services.

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Reservation regarding forward-looking statements

This report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

This report is also available in German.
Both language versions are available online at

<http://sustainability2011.commerzbank.com>

Further information on corporate responsibility can be found on Commerzbank's continuously updated sustainability portal at:

www.nachhaltigkeit.commerzbank.de



This report has been produced on a carbon-neutral basis. The greenhouse gas emissions of 17.5 tonnes of CO₂ equivalent caused by the production and distribution of this report have been offset by investment in an additional high-quality climate protection project (Biodiversity Reforestation) in Vietnam.



Statement GRI Application Level Check

GRI hereby states that **Commerzbank AG** has presented its report "Corporate Responsibility Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 2 November 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large, stylized "G" watermark that serves as a background for the entire page.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 14 October 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

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