

Communication on Progress (COP) 2008 United Nations Global Compact



CEO Statement of continuing support for the Global Compact

I am pleased to present to you Commerzbank's 2008 United Nations Global Compact Communication on Progress, which shows once again the importance we attach to sustainability and the multifarious ways in which we continue to embrace this topic. Developments on the national and international financial markets have very much left their mark on 2008, particularly in the second half of the year. Commerzbank has been affected from these events and continues to feel their effects. We nevertheless remain more convinced than ever that responsible conduct makes a significant contribution to enhancing value and securing the future of Commerzbank. As the second largest-bank in Germany, we acknowledge our corporate responsibility in general as well as in terms of the sustainable development of our business. Commitment to the ten principles of the Global Compact is an important foundation in this regard and provides us with guidance. We view our membership of the Global Compact in 2006 both as an incentive and as an obligation.

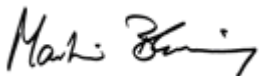
We view sustainability as an integral and necessary process encompassing both internal company procedures and the extending to include the external social, ecological and economic factors which enable Commerzbank to exert a positive influence to the benefit of our own company and society as a whole. The ten Global Compact principles offer us effective guidelines as we seek to embed responsible business practices more firmly within our core processes.

In order to achieve sustainable success, responsible practices need to be secured and promoted at all levels across the whole of the company. For this reason, our corporate responsibility guidelines contain an explicit commitment to the Global Compact principles and represent the yardstick by which we measure responsible behaviour. We accord full consideration to the Global Compact principles encompassing human rights, labour standards, environmental protection and corruption. We are also prepared to move beyond the horizons of our own company in developing and implementing measures and helping secure recognition of these principles.

We have achieved a great deal of success in implementing the Global Compact in 2008. One example of this is in relation to the environmental principles, where an environmental management system has been established right across the group. We have achieved a significant reduction in our CO₂ emissions by increasing the proportion of electricity taken from renewable energy sources to 61 percent of our total consumption in Germany.

We have also used our core business as a vehicle for making a lasting contribution to climate protection and realising the Global Compact principles, especially via providing financing for renewable energies.

Our support for the Global Compact and its principles constitutes an important component of our commitment to sustainability, and this is also reflected in Commerzbank's own guiding principles and values. Our membership of Global Compact will continue to assist us in achieving continuous improvement in the process of sustainability within Commerzbank and in identifying and meeting new targets. We will continue to support the Global Compact and imbue with life the principles it enshrines. Responsible business practices are being accorded an ever greater degree of significance, particularly in times of upheaval. Corporate responsibility requires ongoing endeavour, and this is a challenge we are prepared to face. We hope that the present Progress Report will impart our aspirations in this regard, and I would like to extend to you a warm invitation to gain your own picture of the commitment Commerzbank brings to the table by perusing the following pages.



Martin Blessing
Chairman of the Board of Managing Directors
Commerzbank AG

The ten principles of the UN Global Compact

Human rights

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

Labour standards

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

Corruption

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Progress during the 2008 reporting period

Topic	Voluntary commitment/systems/activities and measures/service	Reference to GC principle
Stakeholder dialogue	<p>Commerzbank takes the individual demands and interests of its stakeholders, the groups with which we have a direct or indirect relationship through our business activities, extremely seriously. We regard stakeholder dialogue as an essential source of information for improving our business. The object of this dialogue is to familiarise ourselves with their expectations and interests whilst also presenting Commerzbank's perspective. For this reason, we engage in a lively exchange of views with our stakeholders.</p> <p>Examples</p> <ul style="list-style-type: none"> › Commerzbank is a regular participant in the bank dialogue programme of the NGO Urgewald. In 2008, we staged a forum on the topic of "Sustainable financing decisions" at our company. We have increased our general involvement in committees, taking an active role for example in the Association for Environmental Management in Banks, Savings Banks and Insurance companies (VfU), taking part in the Climate Change Finance Forum organised by the Federal Ministry of Education and Research (BMBF) and being a member of the discussion group on "Climate Change and Banks" instigated by the Ministry of the Environment, Rural Affairs and Consumer Protection of the State of Hessen (HMULV). › Participation in the Carbon Disclosure Project (CDP), the aim of which is to deliver greater transparency in respect of disclosure of CO₂ emissions on the part of the world's major companies. › Commerzbank has established a Customer Advisory Council for retail and business customers with the objective of involving customers more closely in the structuring of services and service provision and achieving a long-term increase in customer orientation and customer satisfaction. A further aim of the Customer Advisory Council is to make an important contribution towards the integration of Dresdner Bank and its customers into Commerzbank by offering a perspective whereby the requirements and concerns of all customers can be incorporated into the process. <p>References: Association for Environmental Management in Banks, Savings Banks and Insurance companies (German language resource) http://www.vfu.de/</p> <p>BMBF Climate Change Finance Forum http://www.cfi21.org/index.php?id=25&L=1</p> <p>Carbon Disclosure Project (CDP) http://www.cdproject.net/</p> <p>Commerzbank Customer Advisory Council (German language resource) https://www.commerzbank-kundenbeirat.de/</p>	All
Corporate ecology	<p>The main focus of Commerzbank's environmental protection activities is on a modern buildings management system for the purpose of optimising resources and achieving a systematic reduction in our CO₂ emissions.</p> <ul style="list-style-type: none"> › Commerzbank's environmental policy was approved by the Board of Managing Directors before being communicated both internally and externally and being sent out to our suppliers and service providers. 	7, 8

- › Introduction of an environmental management system in accordance with German Standard DIN EN ISO 14001. External certification will take place in the 1st quarter of 2009.
- › The Commerzbank Tower in Frankfurt has been supplied with energy from renewable sources, so-called green electricity, since 1 January 2008. In 2008, the overall proportion of electricity drawn from renewable energy sources reached 61 percent of the company's total consumption in Germany. The aim is to increase this to 100% on a step-by-step basis.
- › Modernisation of buildings and building technology
- › Avoidance of business travel by staging virtual video or telephone conferences. Air travel is replaced by train travel wherever possible.
- › Further expansion of the "paper-free office" by switching to electronic files and virtual conferences.
- › Recycled paper has been introduced as a binding standard for internal use. Recycled paper has been a cross-bank standard for print outs and copies for internal use since October 2008. The paper used is particularly environmentally friendly (proportion of recovered paper 100%) and has been awarded the "Blue Angel" product seal. Commerzbank is robustly pursuing its objective to achieve a significant rise in the amount of recycled paper used compared to total use of paper.
- › Commerzbank has been using only FSC certified paper in its statement printers since the start of 2008. Over 70 million sheets of paper are used for bank statements every year, making this one of the most consumed sorts of paper at Commerzbank.
- › Inclusion of company environmental protection into safety instructions.
- › Participation of several branches in the Energy Trophy (an EU-wide energy saving competition for office buildings).
- › Major Commerzbank publications such as the Annual Report and the CR-Report are climate neutral. The aim is to produce further climate neutral publications and possibly stage climate neutral events in the future.
- › Raising employee awareness for energy and environmentally conscious behaviour via a brochure sent to every member of staff with their pay slips; information in the environmental management portal in the Intranet (e.g. an ABC of waste including hints on how to avoid waste, energy saving tips).
- › The bank's vehicle guidelines have been revised, the new version coming into effect in 2009. Incentives for staff to buy more environmentally friendly vehicles have been created. In addition to this, hybrid vehicles have been included in the company fleet.
- › Our ethical guidelines form the overall framework for our procurement processes. These guidelines clarify what constitutes responsible business practices at the supplier interface and explain how economic activities are compatible with basic moral principles. They explain such aspects as the responsibility that those employees involved in the procurement process bear towards their own company, suppliers and customers, the environment and societal values. Our ethical guidelines for procurement were revised in 2008 and are binding for suppliers and service providers as well as staff. The ethical guidelines are sent out to our suppliers and service providers in the same way as the environmental policy.

References:

Environmental policy

<https://www.commerzbank.de/en/hauptnavigation/konzern/engagement/oekologie/umwelt-leitlinie/Umwelt-Leitlinien.html>

Paper

https://www.commerzbank.de/en/hauptnavigation/konzern/engagement/oekologie/papierbedarf_1/Papierbedarf.html

Green electricity

(German language resource)

https://www.commerzbank.de/de/hauptnavigation/presse/archiv_/presse_mitte/lungen/2007_/quartal_07_04/presse_archiv_detail_07_04_3702.html

Sustainability in procurement

https://www.commerzbank.de/en/hauptnavigation/konzern/engagement/oekologie/nachhaltigkeit/Standard_default_template_.html

Business Conduct Guidelines	<ul style="list-style-type: none"> › Our employees have been informed of the contents of our Business Conduct Guidelines in order to ensure compliance with the guidelines. › The Business & Human Rights Resource Centre has recognised our commitment to the respecting of human rights and communicated this recognition in an international press release. A link has now been provided to the Commerzbank Business Conduct Guidelines on the website of the Business & Human Rights Resource Centre. › The revision of the Business Conduct Guidelines began in 2008 and will be continued in 2009 against the background of the integration of Dresdner Bank. New chapters will be added to the Business Conduct Guidelines, such as information on a “whistle blowing” reporting system to be made available to staff, suppliers and business partners. This will afford an opportunity to report serious suspicions of criminal acts to the bank including on an anonymous basis if necessary. The aim of this system is to encourage all staff, suppliers and business partners to become actively involved in the process of preserving the bank’s reputation. Publication of the updated Business Conduct Guidelines will take place in 2009. <p>References: Business Conduct Guidelines https://www.commerzbank.de/en/hauptnavigation/konzern/konzerninfo/verhaltensrichtlinie_2/Business_Conduct_Guidelines.html</p> <p>Business & Human Rights Resource Centre http://www.business-humanrights.org/Documents/Policies</p>	1, 2, 10
Diversity	<p>We have put a number of measures in place to impart intercultural competences in everyday working life in the bank and inter-generational collaboration. We also provide targeted career support for women.</p> <ul style="list-style-type: none"> › “Intercultural competence in everyday working life in the bank” workshop › Provision of training for new branch start-ups abroad › “Introductory qualifications for young people with a migrant background” project (Berlin) › Implementation of the Home and Institutional Care Act (which allows employees to take leave of absence from their employment in order to look after close relatives in urgent need of nursing care) <p>Presentations, workshops and discussion forums within the scope of the “forum diversity” programme of events, such as:</p> <ul style="list-style-type: none"> › Event staged in conjunction with the City of Frankfurt “Does X age differently to Y? – when men and women become older” › Conference “Women and careers – the rules for success” › Management staff development/project “Changing sides”. The aim here was to provide future Commerzbank management staff with food for thought in terms of their own social awareness and a better feeling for people by having them spend a day with disabled young people. This awareness measure for future management staff will also form part of the Commerzbank Management Programme for 2009. › An Internet “Diversity Portal” was developed in 2008, and this will go live for all staff in 2009. We will also use this as a vehicle for addressing the topics of cultural diversity and generations. <p>Employment of people with disabilities: we view employment, equal opportunities and support for disabled employees as a self-evident component of our work rather than a mere statutory and social obligation. Some of the new</p>	6

measures introduced in 2008 were:

- › Sign language courses for the colleagues of deaf staff
- › 2008 also saw the development of an integration agreement on accessibility which is expected to come into force in 2009.

References:

https://www.commerzbank.de/en/hauptnavigation/konzern/engagement/mitarbeiter/diversity_management/diversity_management.html

Health management	<p>We further expanded our health management system in 2008. This process included:</p> <ul style="list-style-type: none"> › The creation of an additional FTE. › The initiation of the “On an even keel – balance at work” project, in which we address the topic of the psychological stresses and strains for employees in the workplace, identify and analyse factors which cause stress and develop interventionist and preventative measures to maintain employee health and thus bring about a sustainable staff performance. › We have firmly established the topic of “Health and leadership” within our management development. Management staff receive information and support via seminars in order to maintain and promote their own health and that of their staff. › We have put information on addiction prevention and support structures in place. › We support staff who smoke in giving up by introducing such measures as “smoker consultation sessions” and providing financial support for smoking cessation courses. › The following campaigns were carried out: <ul style="list-style-type: none"> • The “Five a day!” campaign (nutrition recommendations) • The “Cycle to work” campaign • Flu jabs • Regional health days 	1
Internship for the Environment	<p>In 2008, Commerzbank also enabled 50 students to complete an “Internship for the Environment”. This involves a practical placement of between three and six months’ duration in a German or Czech National Park, area of natural preservation or biosphere reserve. Commerzbank makes accommodation available and pays an allowance, whilst EUROPARC Germany provides professional on-site support for the trainees. The students work in the environmental and public relations sections of the parks. In 2007, this project won a prize from the German UNESCO Commission This project was 2007 was awarded the status of an official “Decade Project” by the German UNESCO commission as part of the UN Decade of “Education for Sustainable Development”.</p>	7, 8
Products & services Renewable energies	<p>The Commerzbank Center of Competence Renewable Energies (CoC RE) succeeded in further expanding its excellent position in this market as a provider of financing for projects and companies. Commerzbank has a portfolio volume of in excess of 4 billion euro, making it one of the world’s leading financers of renewable energies. CoC RE’s credit portfolio also reflects the tendency towards internationalisation, around 50 percent (of new business) having been financed abroad during the past year. We have recruited and trained further specialist staff for international projects as well as setting up a</p>	7, 8, 9

‘Renewable Energy Desk’ in the USA in order to provide German manufacturers with the financing they require for the fast growing market on the other side of the Atlantic. Last year we supported customers across all the sectors of renewable energies and along the whole of the value-added chain. We worked in conjunction with our investment bank to secure an outstanding position in the execution of capital market transactions.

Example:

- › Commerzbank financed the new “Sebenova” wind farm in Turkey as part of the activities pursued within the bank’s major business segment of renewable energies. The wind energy plants contained within this development have a total output of 30 megawatts. Commerzbank is also responsible for the “Karakurt” plant, which has already gone on stream, as well as having financed two further wind energy plants still under construction. This makes the bank the market leader in the financing of renewable energies in the growth market of Turkey.

Commerzbank uses the CoC RE as a vehicle to involve itself actively in the public debate surrounding the topic of renewable energies. The Center of Competence:

- › is a member of numerous organisations and associations
- › acts in a policy advisory capacity in legislative processes (revisions to the German Renewable Energy Act, EEG)
- › takes on a partner role in research projects and provides lectures at universities
- › provides speakers at a large number of national and international events and is an invited expert within the consultative processes conducted by the Federal Ministry for the Environment
- › is represented at numerous fairs on the theme of renewable energies

References:

Commerzbank Center of Competence Renewable Energies (CoC RE)
 (German language resource)
https://www.companyworld.de/de/finanzierung_2006/erneuerbare_energien/start.htm

Press release: “Commerzbank is the market leader in the financing of wind energy in Turkey”
 (German language resource)
https://www.commerzbank.de/de/hauptnavigation/presse/archiv_/presse_mitteilungen/2008/quartal_08_02/presse_archiv_detail_08_02_4143.html

Products & services	<p>UnternehmerPerspektiven: the Commerzbank “UnternehmerPerspektiven” initiative (“Perspectives for Entrepreneurs”) was launched in 2006. The aim is to show small- and medium-sized enterprises (SME) possible solutions to the pressing challenges they face and open the door to new prospects through dialogue. With this goal in mind, the initiative uses studies to address issues concerning SME’s. Every identifiable issue is supported by relevant facts. For this purpose, the market research institute TNS Infratest is commissioned by the initiative to carry out one of the largest company surveys in Germany, which includes up to 4,000 firms each time. The results are subsequently evaluated by experts from the fields of trade and industry and academic research and by business associations and institutions. Dialogue then takes place with specialists to debate possible solutions and exchange examples of best practice with other companies. The results of the two studies published in conjunction with TNS Infratest in 2008, “Climate protection – opportunities and challenges for the SME sector“ and “The changing values of trade and industry”, formed the basis of debate for a whole series of discussion events staged in our Main and Regional Branches and involving companies, associations, policymakers and academic researchers. This enables us to establish a mutually beneficial network comprising representatives of trade and industry, associations, academic research and politics. The patron of the</p>	7, 8, 9
Unternehmer-Perspektiven		

climate protection study is Prof. Dr. Hans Joachim Schellnhuber, Director of the Potsdam Institute for Climate Impact Research (PIK). The support he provides has enabled public awareness of the topic of climate change to be rekindled.

References:

UnternehmerPerspektiven
(German language resource)

<https://www.unternehmerperspektiven.de/de/main.htm>

Press release: "Climate change provides an impetus for innovation: one in three companies in Germany already benefitting"

(German language resource)

https://www.commerzbank.de/de/hauptnavigation/presse/archiv/_presse_mitte_lungen/2008/quartal_08_02/presse_archiv_detail_08_02_4238.html

<p>Products & services</p> <p>climate:coach</p>	<p>Development of the climate:coach product for corporate customers. Climate advice provided via the climate:coach is a product which analyses the energy efficiency and intensity of certain energy-intensive branches. A climate benchmarking tool is used to highlight deviations from other companies operating in similar branches, and this also serves as a vehicle for identifying areas of potential for increasing energy efficiency and/or minimising risk within the companies. This information is then presented to customers. A further stage involves enlisting the assistance of professional partners (engineering companies) or internal specialists where necessary to provide customers with specific climate improvement proposals. This product is currently being piloted and will be available from the start of 2009.</p>	<p>7, 8, 9</p>
<p>Products & services</p> <p>Sustainable Investments</p>	<p>Ethical, social and ecological criteria are being accorded an ever greater degree of significance in the selection of appropriate investment products. Commerzbank offers both private and institutional investors a range of different types of investment which provide capital to companies operating in a concertedly sustainable manner. The ensuing product concepts bring returns on investment and added societal and ecological value together under a single umbrella. In 2008, for example, the Commerzbank subsidiary Cominvest launched "Klima-Aktien P", a global equity fund focussing on investments in clean and efficient power generation technologies, renewable energies and fuels of the future. This enables us to offer interested investors an opportunity to invest in a targeted manner in companies which have committed themselves to minimize the impact of climate change.</p> <p>References: (German language resource) http://www.cominvest.de/privatkunden/unsere_fonds/fonds_im_ueberblick.html</p>	<p>7, 8, 9</p>
<p>Climate strategy</p>	<p>The first regularly scheduled Commerzbank climate meeting took place in December 2008. The strategic action areas for future climate activities were defined, the aim being to develop a whole-group climate strategy.</p>	<p>7</p>
<p>Reputation management</p>	<p>Project financing: around 85 percent of projects funded in the project financing sector take place in Europe. The monitoring of compliance with national environmental guidelines forms a standard part of project due diligence. Commerzbank involvement in projects in developing countries has been very much the exception in the past. When the bank does take part in such project financing, its aim was and is to work in conjunction either with supranational institutions (such as the International Finance Corporation, IFC) or with national export credit insurers. This ensures automatic application of the standards of the supranational institutions or of OECD standards for national export credit insurers (common approaches).</p>	<p>1, 2, 7, 8, 9, 10</p>

Particular monitoring of reputation and sustainability implications

All financing agreements in which ecological or social aspects play a material role are now extensively monitored and evaluated by our Reputation and Sustainability Team. Commerzbank has not gone through with a significant number of financings as a result of negative evaluations.

- › In 2008, a weapons policy was developed. Further sectoral policies (such as on the topic of the “financing of political parties”) are planned.
- › The introduction of a management information system to provide better internal networking is also being planned.

ComWerte corporate culture	<p>A modern corporate culture which encompasses common values creates a sense of identity and lays the foundations for growth and sustainable success. This formed the basis for the initiation of a process to raise every employee’s awareness of the significance of a set of values which are imbued with life in everyday working practice: ComWerte. ComWerte were originated by the Board of Managing Directors and rolled out across the whole of Commerzbank during the course of 2007 and 2008. The Board undertook an extensive consultancy process to identify a raft of values based on the value culture developed within the bank during the course of its history and extending all the way back to the self-evident sense of purpose of the “Hanseatic merchants”. These values were defined as team spirit, mutual respect and partnership, integrity, market orientation and performance. These five concepts did not, however, constitute the imposition of a company constitution on staff. A conscious decision has been taken to view ComWerte much more as an open and participative process involving all employees. A workshop cascade beginning with Group Heads and permeating its way down to branch teams was instigated to afford all employees the opportunity to address the values of ComWerte in a thorough manner.</p> <p>2,000 workshops involving around 24,000 staff were staged in total, during which staff teams debated how they themselves interpreted the values, what they felt to be a particular priority from their own point of view and how they could imbue the values with life within the context of their own working environment. This approach enabled the establishment of a common understanding of the values whilst still allowing leeway to incorporate the particular characteristics of individual divisions.</p> <p>2008 also saw the production of a Comwerte feature film which will be shown in cinemas in 26 towns and cities across Germany at the beginning of 2009. The film shows extracts from ComWerte workshops as well as depicting the multifarious debates on the topic of values within the bank and during daily work. This documentary part of the film is lent dramatic support in the form of short film clips dealing with each of the five values and produced by teams from within the bank with the assistance of a professional director.</p> <p>References: https://www.commerzbank.de/en/hauptnavigation/konzern/engagement/strategie/der_wertewandel_der_commerzbank_1/ComWerte_-_die_Werte_der_Commerzbank.html</p>	6, 10
Regulations on the acceptance and giving of gifts (Global Gift Policy)	<ul style="list-style-type: none"> › Regulations on the acceptance and giving of gifts (Global Gift Policy) have been drawn up and integrated into the bank’s Global Compliance Manual. › The Commerzbank Global Gift Policy institutes uniform and binding principles on the acceptance and giving of gifts for the first time. 	10
Whistle blowing	<p>The company agreement on whistle blowing entered into force in 2008. The introduction of the reporting system to accompany the agreement is planned for the 3rd quarter of 2009.</p>	10

Economic crime is constantly increasing in the wake of the coming together of markets and ongoing technologicalisation. This has led to an enhancement of the requirements the bank places on its staff in respect of the reporting of acts of economic crime within the context of business operations and resulted in the establishment of a whistle blowing system.

Whistle blowing is the idea that acts of economic crime should be reported to a company due to reasons of ethical responsibility or conflicts of conscience on the part of employees or third parties. Whistle blowers, or those who provide such information, are generally persons who see grossly improper acts occurring within a company to which they then draw attention. Whistle blowing does not, however, include the denunciation and defamation of others despite knowledge to the contrary.

The aim of the regulations is to ensure that any indications of acts of economic crime emanating from staff and/or external parties are investigated. A further objective is to make sure that those who provide information in good faith do not suffer disadvantage and that those accused enjoy sufficient protection against denunciation. A particular goal of these regulations is to provide a vehicle for staff to report any grossly improper acts they have identified.

How do you intend to make this COP available to your stakeholders?

The Communication on Progress (COP) 2008 will be published on the Internet and will be available via the following URL's:

1. On the Commerzbank website at <http://www.commerzbank.com>
2. On the UN Global Compact website at <http://www.unglobalcompact.org>

The results of the COP 2008 will also be incorporated into Commerzbank's new **Corporate Responsibility Report 2009**, which will deal with the years 2007 and 2008 in detail. The report is expected to be published in the autumn of 2009.

Contact

Simone Heckerodt
Reputation and Sustainability Management

Tel. +49 (0)69 / 136-4 26 01
Fax +49 (0)69 / 136-2 20 08
Mail simone.heckerodt@commerzbank.com

Headquarters
Kaiserplatz
Frankfurt am Main
www.commerzbank.com

Postal address
60261 Frankfurt am Main
Tel. +49 (0)69 / 136-20
Mail info@commerzbank.com