

COMMERZBANK

The bank at your side



Corporate Responsibility Magazine 2019

How can a bank provide orientation?



Company profile

Commerzbank is a leading international commercial bank serving private and small-business customers and corporate clients. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. It handles around 30 per cent of foreign trade in Germany and is the market leader in the corporate client segment in Germany. Commerzbank serves its customers' needs all over the world, in all markets. Subsidiaries comdirect and Polish bank mBank are two of the world's most innovative online banks.

462.4	865	49,410	18	70,000
BILLION EUROS	MILLION EUROS	PEOPLE	MILLION	CORPORATE CLIENTS
BALANCE SHEET TOTAL	OPERATING PROFIT/LOSS	EMPLOYEES	PRIVATE AND SMALL- BUSINESS CUSTOMERS	LARGE ENTERPRISES AND INSTITUTIONAL CLIENTS

All figures relate to 2018

Sustainable Development Goals



Commerzbank is committed to the United Nations' Agenda 2030 and the 17 Sustainable Development Goals (SDGs) defined in it. These goals were adopted by the UN General Assembly in New York in September 2015 and apply in equal measure to nations, businesses and society. For more information, visit <https://sustainabledevelopment.un.org>.

Commerzbank also considers it a responsibility to make a contribution to achieving the SDGs. Our greatest sphere of influence centres on the following five goals:



MORE ON COMMERZBANK'S CONTRIBUTION TO ACHIEVING THE SDGS AT WWW.COMMERZBANK.COM/SDG

Examples of our activities



SDG 4: Quality education

Education and training at Commerzbank, environmental internship, education mentor programme, support through trusts, business@school, etc.



SDG 5: Gender equality

Diversity management, women in leadership positions programme, family-friendly work models, management in part time, commitment to the Women's Empowerment Principles, etc.



SDG 7: Affordable and clean energy

Contribution to the energy transition by financing renewable energies, CO₂ compensation projects focused on renewable energy, etc.



SDG 9: Industry, innovation and infrastructure

Core business for corporate clients, Sustainable Trade, R&D in the Main Incubator, etc.



SDG 13: Climate action

Climate strategy and climate goals, climate neutrality, financing of renewable energies, advice on energy efficiency, participation in the Carbon Pricing Leadership Coalition, "Commit to action" (Paris 2015), Carbon Neutral Now initiative, Alliance for Development and Climate, etc.



“At Commerzbank,
we have absolutely no doubt
that we are able and willing to
lead the way.”

Martin Zielke,
Chairman of the Board of Managing Directors

Ladies and gentlemen,

How can a bank provide orientation? You have probably never asked yourself that question. For us at Commerzbank, things are a little different: we ask ourselves this question on a daily basis, in many different aspects of our work. The question may arise when setting up an advisory meeting, for instance. We always strive to ensure that customers feel valued and that they receive the advice they need. As a bank, we also have a responsibility to embrace integrity as a fundamental part of everything we do.

Those are just two reasons why we have chosen to make this question the core theme of this Commerzbank Corporate Responsibility Magazine. At Commerzbank, we have absolutely no doubt that we are able and willing to lead the way.

In partnership with our customers, we want to devote the proper attention to the social and environmental aspects of a business decision, especially when it comes to sustainable finance. The same applies to the principles of good corporate governance.

Internally, integrity is the top priority of our agenda. The ComWerte corporate values and a code of conduct for all colleagues form a common basis for acting responsibly – to the bank and to our customers.

Climate change shows how important a common set of values is. Different priorities in each country make it incredibly difficult to come to a common consensus. I think it would be a good start if everyone were to ask themselves what contribution they could make for the greater good and act accordingly. Businesses can make their own contribution and also provide orientation, of that I am sure.

That’s why, here at Commerzbank, we are proactive when it comes to combatting climate change: by financing renewable energies, committing to sustainable finance, becoming involved in the Federal Ministry for Economic Cooperation and Development’s Alliance for Development and Climate, ensuring that our banking operations are climate-neutral. And those are only a handful of examples.

Sustainable action and protecting our climate are decisive factors in our futures. Irrespective of our own position, we all need to ask ourselves what consequences our decisions have on others – both now and in the future. Doing nothing is not an option. But we also want to do what is right, something that is not always easy in our increasingly complex world. We need information and food for thought. That is exactly what we are aiming for in this magazine – no more, but not any less either.

Yours
Martin Zielke

Martin Zielke
Chairman of the Board of Managing Directors,
Commerzbank AG

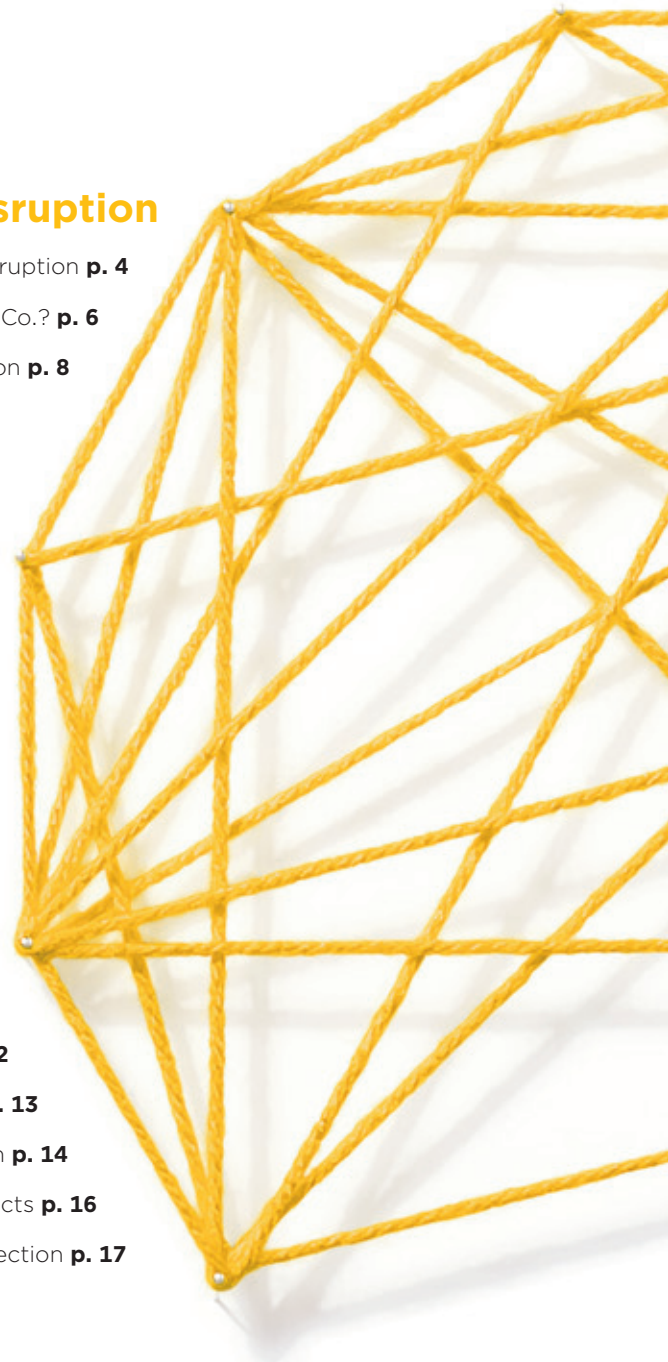
How can a bank provide orientation?

Disruption

- Foreign trade** Orientation in a world of disruption **p. 4**
- Trade barriers** How to deal with embargoes & Co.? **p. 6**
- Digitalisation** At the forefront of the digital transformation **p. 8**

Transformation

- Sustainable Finance** Is sustainability the only way forward? **p. 10**
- Guest article** Don't wait for regulation **p. 12**
- Green bonds** Green shoots in the bond market **p. 13**
- Stakeholders** Expectations of a sustainable transformation **p. 14**
- Framework for environmental and social risks** Risks and side effects **p. 16**
- Protecting the climate in-house** Small and big steps to climate protection **p. 17**



We are experiencing great transformations that create uncertainty and make it difficult to shape change. Now more than ever we need actions that are rooted in our fundamental values with an eye to the greater good if we are to navigate through these uncertain times and take everyone along with us. The world needs role models who embrace integrity and provide orientation as well as clear commitments to sustainable action and genuine solidarity.



Integrity

Interview “Banks without integrity don’t work” **p. 18**

Culture of Integrity Award Everyday heroes **p. 20**

Equal opportunities The same, but very much different **p. 21**

Diversity Embracing inclusion **p. 22**

Solidarity

Guest article What does solidarity mean today? **p. 24**

Foundations A new together **p. 25**

Corporate volunteering One good turn deserves another **p. 26**

Sport Role models for values **p. 28**

Performance, strategy and achieving goals p. 29

FOREIGN TRADE

Orientation in a world of disruption

It is particularly important in uncertain times for companies to have an experienced bank at their side to accompany and support their export business.

“Made in Germany” remains a label in high demand. Germany set yet another new record in terms of exports in 2018 – for the fifth year in succession. However, sentiment among businesses has deteriorated and export expectations have taken a tumble. The global trend towards protectionism and countries “going it alone” when it comes to sanctions fuels uncertainty and poses risks.

Case in point: the trade conflict between the US and China. This dispute escalated over a period of many months in 2018, with the US imposing duties on imports and China reciprocating. Ultimately this weakened the Chinese economy, something that didn’t pass German exporters by unnoticed. Economic development in Germany and in the eurozone has cooled off, as it has done in the US. Besides the

trade conflict, exporters have a number of other global risks to contend with – such as the unknown outcome of Brexit or the threat of punitive tariffs on German cars.

As financing partners to the real economy, banks are also affected by these developments. Export financing is also affected by stricter regulation, most of which is justified, but ultimately leads to increased requirements when it comes to risk management, stricter creditworthiness checks and stronger measures to prevent money laundering and the financing of terrorism.

Rising to meet challenges together

Germany is one of the largest exporters in the world, and that makes export a vital part of the domestic employment market. More than one out of every two

jobs in industry is directly or indirectly reliant on exports. Commerzbank assists its customers all over the world through its branches and offices in almost 50 countries. All told, it handles around 30 per cent of German exports and, in doing so, contributes to growth, trade and employment.

In a world full of disruption, businesses need a bank at their side that supports them and helps to show them the way in their export activities – a bank that sticks by them regardless of any political or technological trends or economic cycles.

Small and medium-sized enterprises need external supports to successfully manage the risks of foreign trade, as the Commerzbank’s Unternehmerperspektiven 2019 SME survey shows: According to the survey, banks are the



“Businesses need two things to be able to act and grow internationally: know-how and capital! That’s why they need a bank based in their home country that can provide support in the domestic market and assist internationally.”

Martin Zielke, Chairman of the Board of Managing Directors, Commerzbank AG

place to go when it comes to risk assessment, operative implementation of regulations and the digitalisation of processes. Businesses also expect tailored advice when it comes to business in challenging countries. Financial instruments can help to boost revenues and mitigate risks. Export credit guarantees offer Commerzbank customers protection from default on payments due to political and economic risks. According to the survey, small and medium-sized enterprises also expect policymakers to defend the economic interests of German businesses more vigorously on the international stage.



Digital transformation: risks and opportunities

Technological developments also place entirely new challenges on exporters. "Given the global value creation chain, we need holistic solutions when it comes to export credit insurance and an adjustment in the regulatory framework," says Commerzbank Chief Risk Officer Dr Marcus Chromik. At the same time, digital transformation also opens the door to opportunities in the export business. Blockchain technology is just one example of this. Commerzbank is investing in this technology as

it significantly simplifies and streamlines trade business and makes supply chains transparent. As one of the founder banks of the Marco Polo trade finance network, we recognised the potential of this technology for trade financing at an early stage and are actively shaping its development in a variety of initiatives. "The blockchain will revolutionise trading and will become the operating system of our modern economy in many areas," Chromik adds.

One out of every two jobs

in industry is directly or indirectly reliant on exports.

TRADE BARRIERS

How to deal with embargoes & Co.?

Through practical workshops and studies, Commerzbank helps corporate clients find their feet in a world of increasingly limited trade.

In the olden days, when wishing still worked – as the Grimm Brothers’ Frog Prince fairytale begins – one would have wished for other markets, a world without borders and without protectionist heads of state and, before you knew it, it would all have come true. Now the olden days have well and truly been confined to the past, and new embargoes, other trade restrictions and punitive tariffs are the order of the day. Free trade has seldom been as restricted as it is now.

Whether it be trade sanctions against Iran, EU embargoes on Russia, sanctions on trade with North Korea, tariffs on exports from China and per-

haps even against German cars – the free market economy is becoming subject to an increasing number of politically motivated restrictions, some understandable, others perhaps not. There’s no point wishing for a different world.

Showing customers the way

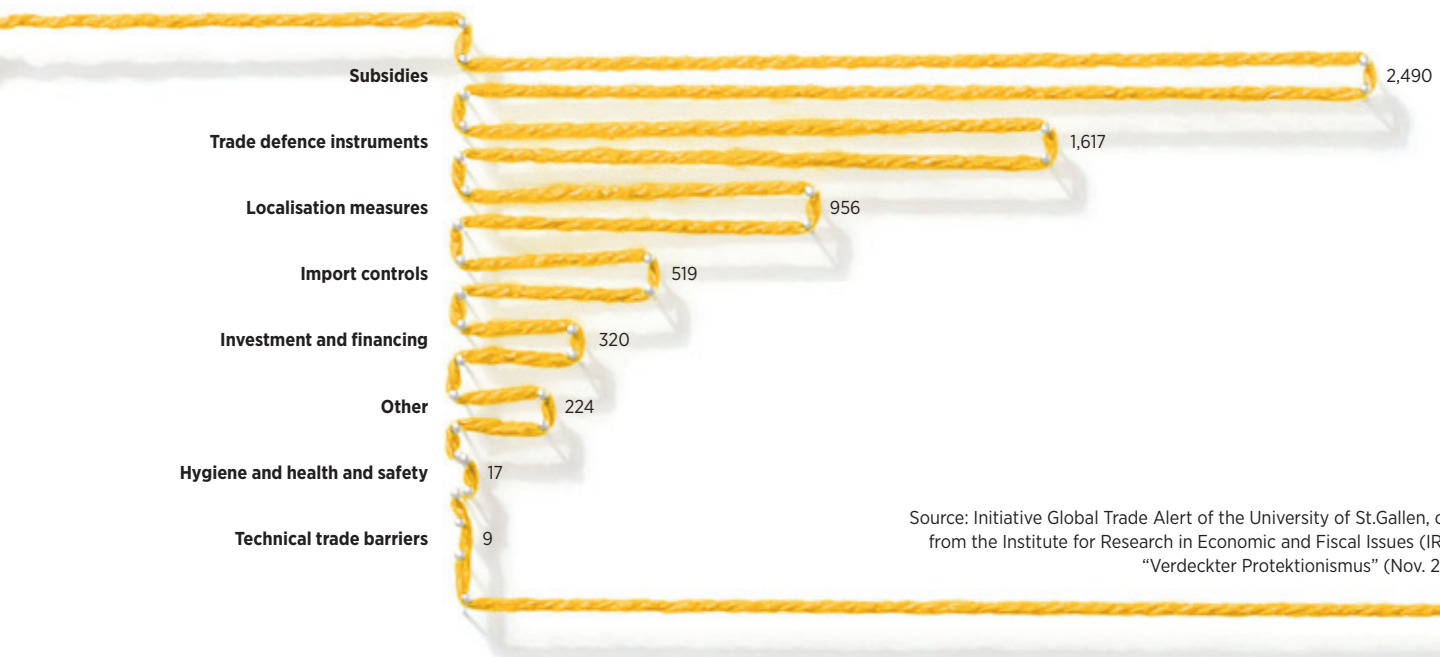
These factors don’t just affect Commerzbank – they have exactly the same impact on the bank’s customers. “Sometimes it’s not so easy to find one’s way and act correctly in such a maze of regulations,” said one attendee at a corporate client event recently held in Berlin. The Bank had once again

organised the workshop for corporate clients’ compliance officers. Around 20 attended and took part in the discussions on embargoes and what happens if sanctions are breached.

Commerzbank has offered information events such as this for a number of years now – the demand is there. “Our aim is to showcase the immediate benefits that can be applied directly within the company,” says Jürgen Mieth, Head of Trade Finance and Cash Management for the Market Region East, explaining the Bank’s motivation. Commerzbank sees providing orientation in difficult times as a major part of its responsibility to its customers.

Trade barriers

The number of trade barriers imposed by 55 selected countries; assessment of 44 categories of protectionist policies from a volume of 10 million US dollars (2009 to 2018).



Source: Initiative Global Trade Alert of the University of St.Gallen, cited from the Institute for Research in Economic and Fiscal Issues (IREF), “Verdeckter Protektionismus” (Nov. 2018)

USA vs China

Interactions between bank and customer have become increasingly more important over the past few years. Many of our customers who trade globally are feeling severe repercussions from these trends and have a lot of questions, many of which need urgent responses. What, for example, are secondary sanctions? “Those are a special feature of the US,” explains Volker den Ouden, Compliance Officer at Commerzbank’s Business Advisory Sanctions department. “They apply to certain companies and individuals and have a direct extraterritorial effect, even without the transaction in question having any link to the US at all.” If the US has placed a certain person on a sanction list, legal persons in other countries are also not permitted to conduct any business with them.

The Commerzbank Unternehmerperspektiven 2019 SME survey shows that geopolitical tensions are an increasingly important factor for Ger-

Always up to date

Whether it be sanctions or currency risks caused by Brexit negotiations, sometimes the news cycle moves so fast that it is impossible for this magazine to stay up to date. Advisers can provide further information on our range of

seminars and training courses for customers. In-depth guides on the latest developments are also available in our economists’ analyses, available at: <https://research.commerzbank.com>.



**MORE INFORMATION ON COMMERZBANK WORLDWIDE IS AVAILABLE AT:
WWW.COMMERZBANK.COM > ABOUT US > COMMERZBANK AT A GLANCE**

man SMEs. The survey revealed that many companies are expecting trade barriers to negatively impact their foreign trade over the next two years. One interesting outcome of the survey is the apparent paradigm shift when it comes to views of trading partners: SMEs now regard stable economies such as the US as less reliable than emerging markets such as China. Another result of the study is that companies who do not engage in exports overestimate the

challenges of foreign trade. They consider some operating difficulties to be more problematic than the SMEs that are on the ground. This is where best practices come into play. Businesses wanting to enter foreign trade for the first time can benefit from the experience of the exporters.

Cooperate, don’t disregard

As a financial intermediary and settlement bank for trade financing, Commerzbank has an important role to play. Some customers may be of the opinion that a particular sanction may not apply to them. In such cases, the Bank may be of a different opinion and not be willing to support the transaction. If the customer then receives an official letter from a state institution in Germany or elsewhere requesting that the trading relationship be disclosed, the best thing to do is cooperate. This is where Commerzbank can help its customers and provide expert advice. There’s no point simply wishing the world were less complicated.



The German economy is strongly reliant on exports.

DIGITALISATION

At the forefront of the digital transformation

Commerzbank is becoming a digital technology company. The digital transformation is permeating our own processes and what we offer our customers.

“You think you won’t fit in here? Perfect!” This was the unusual slogan Commerzbank used to appeal to new employees with special expertise in areas such as IT or regulatory affairs. This HR campaign is just one of many signs of how much the Bank has changed. Digitalisation is rapidly revolutionising business as we know it in many different sectors. That’s why the Commerzbank 4.0 strategy is centred on a fundamental reorientation, transforming Commerzbank from a traditional financial services provider to a digital technology company. The aim? Become more straightforward, faster and better for our customers and clients.

This is where the Bank’s management comes into play. In 2018, the Supervisory Board set up a committee for digitalisation and technology in order to devote suitable attention to the changes in the business model, the development of digital products and processes, and the associated changes in the organisational structure.

Interdisciplinary teams

The Commerzbank Digital Campus is at the core of the Commerzbank 4.0 strategy. After a two-year project phase, the agile working methods were transferred to headquarters in mid-2019. At Campus 2.0, colleagues from technical fields and IT work together side-by-

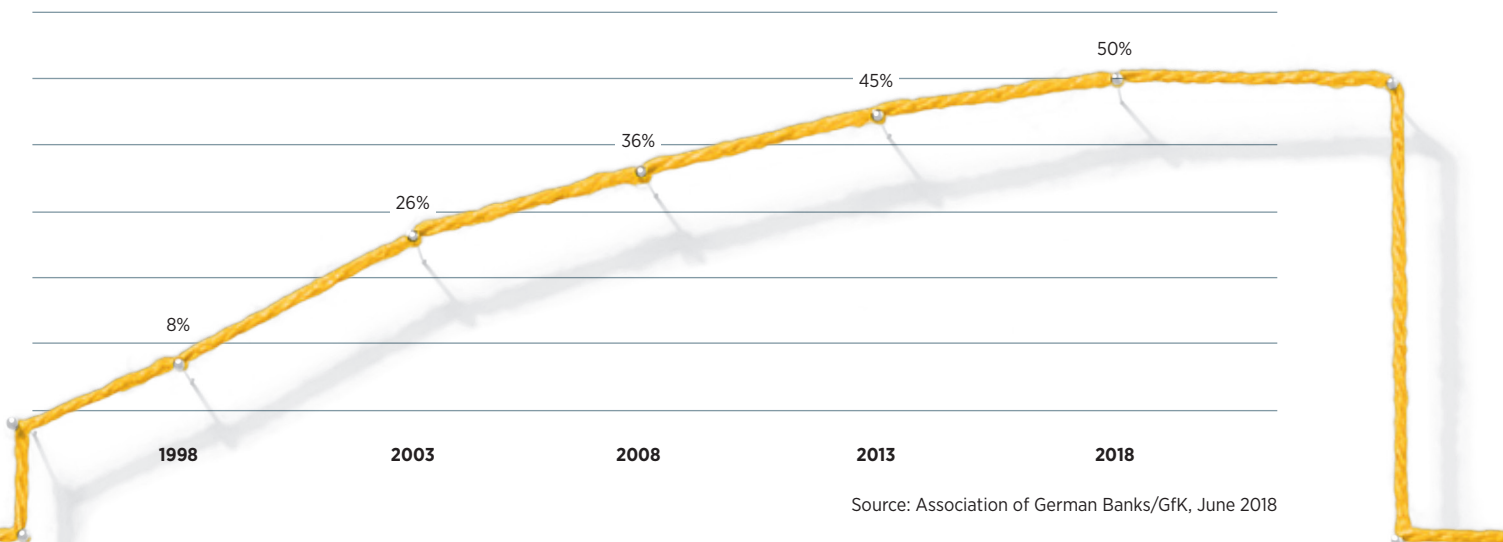
side in what are known as cluster delivery organisations. Customers and customer advisers are closely integrated into the process, while the hierarchies are flat and the decision-making processes are short. Positive experiences from the project phase show that this new structure allows products and services to be developed much more quickly.

From pay-per-use loans to big data

Commerzbank offers its customers and clients a whole array of new digital products and services. Pay-per-use loans are just one example. They open the door to flexible repayments for corporate clients on production facilities,

Online banking – acceptance rising steadily

Just over half of all Germans do their banking online. In the 18-to-49 age group, the figure rises to around 70 percent. The only age group that prefers to bank in-branch is the over-60s: here, only 23 percent of people do their banking online.



The Main Incubator in Frankfurt works on developing technologies of the future for the financial world.



as the rate of repayment is pegged to how much the machinery is in use. Another innovation for corporate clients is the fully digitalised advisory process, both for managing interest and currency risks and when it comes to investment. Many businesses also value the benefits of Commerzbank's big data analysis. If customers opt to use big data solutions, our systems can recognise, for instance, that a company regularly does business in Argentina and is able to propose tailor-made currency hedging. But do customers actually want to be so transparent to their bank? So far the answer has been a clear yes. "You already know as much about me as my accountant," said one entrepreneur when asked about big data. "Being transparent makes our partnership all the better."

How important is data analysis to companies' business? According to the Commerzbank SME survey 2018, businesses regard big data as a vital component but do not make enough use of the data on offer. As a finance partner, Commerzbank is perfectly positioned to assist. Many SMEs expect support from their bank when it comes to big data, not least in relation to data security.

Creative research laboratory

Blockchain, cloud computing, artificial intelligence, robotics: these topics are set to become increasingly important in the financial world. The Main Incubator, Commerzbank's research and development unit, is working on twelve of these technologies of the future and developing products and solutions for banking innovations. Another important aspect is community building. The Main Incubator fosters intensive dia-

logue between start-ups, investors, bankers, IT specialists and many other stakeholders besides. The Commerzbank subsidiary has been scouting the start-up scene and investing in innovative fledgling businesses since 2013. The monthly Between the Towers event, with its exciting keynotes and pitches from the start-up scene, has become an unmissable date on the calendar for the industry.

#openspace: the SME platform

Corporate clients also like to be guided and receive active assistance in many other digitalisation topics. That's exactly what the Commerzbank subsidiary #openspace offers. It accompanies businesses throughout all phases of the digital transformation and offers tailor-made solutions with a wide range of workshop modules. The digitalisation platform unites start-ups and SMEs under one roof. It is based in a creative space in the heart of Berlin, just a stone's throw from the KaDeWe department store.

Digital and personal

In its transformation into a digital technology company, Commerzbank is striving to ensure that the analogue and digital worlds are not mutually exclusive. The Bank's motto is "digital and personal" - offering online and mobile banking coupled with advisory services in over 1,000 branches across Germany. Martin Zielke, Chairman of the Board of Managing Directors, sums things up nicely: "It's important to focus on what the customers want: the latest technology, personal consultation and high standards of security."

Is sustainability the only way forward?

Sustainable Finance is the European Union’s new buzzword in its efforts to transform the economy sustainably. Banks are an important part of these efforts.

The ten key actions of the EU action plan

- 1 Establishing an EU classification system for sustainability activities
- 2 Creating standards and labels for green financial products
- 3 Fostering investment in sustainable projects
- 4 Incorporating sustainability when providing investment advice
- 5 Developing sustainability benchmarks
- 6 Better integrating sustainability in ratings and market research
- 7 Clarifying institutional investors and asset managers’ duties
- 8 Incorporating sustainability in prudential requirements
- 9 Strengthening sustainability disclosure and accounting rule-making
- 10 Fostering sustainable corporate governance and attenuating short-termism in capital markets

A sustainable finance system in which investments that protect the environment (and particularly the climate) are showcased and advertised transparently - for some, this is long overdue, for others an ever-present peril. But this is exactly what the European Commission is planning with its Sustainable Finance initiative and its ten-point action plan.

Don’t get us wrong, this initiative is not focused on making banks more sustainable. That is happening anyway. In fact, the initiative is based on making the real economy more sustainable, and banks are the vehicle for this with their loans and investments. It is about promoting environmentally friendly technologies and production methods and helping less environmentally friendly industries make the transition to greater sustainability.

Transformation

Investment

Environment

Sustainability

Taxonomy

Climate goals

Sustainable Finance

The EU is pursuing three main objectives here:

1. Reorient capital flows towards sustainable investment in order to reshape the economy in line with the Paris Climate Agreement and the United Nations' Sustainable Development Goals.
2. Manage financial risks stemming from climate change, resource scarcity, environmental degradation and social issues.
3. Foster transparency and long-termism in financial and economic activity.

Reach for the stars

"The EU's Sustainable Finance strategy will have a major impact on the economy," says Anne Tholen, advisor on EU affairs at Commerzbank's Brussels liaison office. "All EU member states have signed up to the Paris Climate Agreement and the UN's Sustainable Development Goals. The EU's action plan implements the SDGs as specific political actions."

Since 2018, the European Commission has been setting what experts consider to be a high tempo. "The European Commission wanted to

launch as many regulatory projects as possible prior to the 2019 European elections," Tholen explains. "That's why some of the key legislative proposals are already nearing completion." These include what is known as the taxonomy, a classification system that explains what exactly is meant by environmental sustainability in the economy. The taxonomy is based on assessments that are as accurate as possible and that can be used to define and measure demonstratively positive contributions to issues such as protecting the climate. "The taxonomy is the most complex part of the initiative, but will also be the most momentous," says Tholen. It's no wonder then that the first drafts of the classification system attracted in-depth feedback from a wide variety of different experts.

The European Commission's recommendations also include expanding existing reporting obligations, requiring businesses to report on the effects of their operations on the climate. This includes transparent reporting on CO₂ emissions and working on scenarios to deal with climate risks. This will force businesses to broach the subject of CO₂ emissions and climate change if they haven't paid enough attention to them in the past.

The changes won't just impact the real economy; banks will be affected too. Reporting obligations to customers are just one example: "In future we will explain the sustainability aspects of a financial product when providing advisory services and include corresponding risks in the investment decisions," Tholen says.

Sustainable Finance in practice



Dr Winter, what does the EU's Sustainable Finance action plan mean for a vehicle components supplier in the SME sector such as your company, ElringKlinger AG?

It's impossible to know for sure until the plans have been made into legislation, of course. In any case we will be following the discussions at EU level very closely and will be preparing ourselves thoroughly. If we reach a stage where banks are primarily granting loans for business areas that are proven to make a substantial contribution to protecting the climate, this could help us in areas such as battery and fuel cell systems, components for hybrid and fully electric drivers and lightweight structural parts. It all depends on the wording of the taxonomy. At the moment it might be the case that we are not 100 percent taxonomy-compliant, even though all of our products promote sustainable drivetrains. Loans for other investments outside of this definition could be expensive. That's why it's important to offer a product range based on sustainability criteria at an early stage.

Dr Jens Winter, Vice President Strategic Communications, ElringKlinger AG

GUEST ARTICLE

Don't wait for regulation

by Dr Ben Caldecott



DR BEN CALDECOTT is founding Director of the Oxford Sustainable Finance Programme and an Associate Professor at the University of Oxford, as well as Co-Chair of the Global Research Alliance for Sustainable Finance and Investment.

The banking sector is where the financial system and the real economy meets. Banks provide loans and services critical to companies, households, and governments. The Sustainable Development Goals (SDGs) and the Paris Agreement are unattainable without banks financing solutions to these massive social and environmental challenges.

In September 2018 the Bank of England published results from a survey of 90% of UK regulated banks representing over £11 trillion in global assets. The survey was designed to see how these banks view climate change. It found that while 70% of banks recognise that climate change poses financial risks, only 10% view climate change more holistically and take a long-term strategic view of the risks.

The survey was interesting for a number of reasons. First, it highlighted how climate change has quickly gone from merely one CSR issue to a topic of concern for risk management, client relations, investor relations, product development, government affairs, and marketing, among other areas. Second, it highlighted how we still have a long way to go. How long will it take to go from 10% of banks viewing climate as

strategic to 100% seeing it that way? And while viewing an issue as strategic is important, what does that actually mean in practice? Third, while climate-related risks have risen up the agenda, there are a wider range of environment-related risks that are material and potentially of systemic importance, including risks related to nature and biodiversity loss. Fourth, the focus has been on climate change as a risk, but there is growing demand from clients, policymakers, and other stakeholders to also examine the positive and negative impacts of loans and services provided by banks for meeting the Paris Agreement.

Clearly, the transition needs to accelerate, rapidly followed by systematic operationalisation across banks. This will require new qualifications, for example, new courses on sustainable finance by the Chartered Bankers Institute and the CFA, as well as by efforts to mainstream these topics in existing qualifications and professional standards. Regulatory change and innovations in practice will also speed up the process. New products, such as Sustainability Improvement Loans, where clients receive lower interest rates if they meet or outperform sustainability

measures, are a powerful incentive and can create business opportunities for banks, lower credit risk, and support the real economy transition.

The real economy cannot transition in time to meet the SDGs and the Paris Agreement without the banking sector providing the capital and services needed. Banks need to develop comprehensive strategies, together with detailed plans for implementation tied to appropriate resourcing and levels of accountability to ensure implementation. This will likely become a mandatory regulatory requirement sooner or later. But it is also in their own commercial interests to do so and they should not wait for regulation.

GREEN BONDS

Green shoots in the bond market

Commerzbank issued its first own green bond in October 2018, expanding its investor base and underlining its commitment to protecting the environment.

Green bonds are right on trend at the moment; market volume is rising significantly year by year. Despite initial scepticism when the European Investment Bank issued its first green bond in 2007, it quickly became clear that the model would prove successful. Between the years of 2015 and 2017, the volume of green bonds doubled in each year. The slight slowdown in development since 2018 is having no real impact. Experts expect government issues to once again more than compensate for the reticence from corporate issuers in 2019.

There are three components to Commerzbank's presence on the green bond market: The first of these is as a bookrunner or lead arranger for other issuers, a role that the Bank has held since the EIB bond in 2007 and, since

2014, on an increasing basis as a signatory to the Green Bond Principles (GBP), the market standard for the International Capital Market Association. In 2018 alone, Commerzbank assisted in 20 green and social bond transactions with a total volume of 11.4 billion euros.

Financing renewable energies

The second component is Commerzbank's own green bond, which it issued on 16 October 2018. Issue volume stood at 500 million euros, but interest among investors was so great that the bond was oversubscribed by a factor of

two at 1.1 billion euros. The bond has a term of five years and serves to refinance renewable energy projects. Specifically, the Bank has earmarked the bond proceeds for onshore and offshore wind projects and solar projects in Germany, other European countries and North and South America. The Green Bond Second Party Opinion of rating agency Sustainalytics confirms that the bond fulfils the quality and transparency requirements of the current Green Bond Principles.

Thirdly, Commerzbank is investing in this asset class on an increasing basis and building up its own green bond portfolio as part of its own liquidity management process. The Bank intends to invest between 0.5 billion and 1 billion euros of its own funds in green bonds.



MORE INFORMATION ON GREEN BONDS AT COMMERZBANK IS AVAILABLE AT:
WWW.COMMERZBANK.COM/GREENBOND

“Our first green bond is an important signal of the rising importance of this asset class. It also allows us to expand and diversify our investor basis even further. At the same time we are making a clear commitment to protecting the climate and reinforcing the Bank's sustainability strategy.”

Inga Johal, Divisional Board Member Group Treasury at Commerzbank



STAKEHOLDERS

Expectations of a sustain

The view from outside can often provide guidance in the development of an organisation – we spoke to

When a bank asks sustainability experts from economics, media, science and research, civil society, politics and the financial world what the best way is to organise sustainable transformation, the feedback is as much helpful suggestions

as it is harsh criticism. Two good reasons to do exactly that, then. In discussions with our stakeholders in 2018, six areas stood out as being of particular importance.*

Holistic risk management

The integration of non-financial factors into risk assessments of financing and investment decisions ...

... is a huge topic because risks that arise in relation to climate change could potentially dominate all other issues.

I have perceived Commerzbank as having been very active in terms of revising the coal policy over the past few years, I think the way that environmental and social risks are dealt with will become increasingly important moving forward.

A financial institution has a social responsibility, as it helps to decide what economic structures are created and how sustainable they are. As a bank that is partially owned by the taxpayer, Commerzbank also has a special responsibility to refrain from doing anything that is not for the greater good.

Journalist **Representative from the financial world** **Politician**

Data protection and data security

Dealing responsibly with customer data and preventing the misuse of said data ...

... is the most important issue of all. Poor data protection can do a great deal of damage in a short space of time. Banks arguably have a unique advantage in this area over other sectors: trust in data security. However, this trust is a double-edged sword: any breaches in trust can mean the end of a bank.

This is not a nice-to-have, it's a must-have.

Journalist **NGO**

Sustainable investment and capital market products

The contribution of investment business to sustainable development ...

... is important to me as a sustainability-oriented customer. I want to have the choice between sustainable and non-sustainable investment products.

In an ideal world we would only offer sustainable products. Unfortunately that's not the case, but sustainability now has to be part of the product range as this raises awareness of the issues.

For us, it is vital that mainstream products have certain minimum standards. This is less about setting up more and more sustainable funds, which are also important of course, and more about Commerzbank working towards raising the standards for all fund products across the board.

Private client **NGO** (non-governmental organisation) **Corporate client**

* Genuine quotes from meetings held during 2018.

able transformation

some of our stakeholders.

Transparency and fairness in customer relationships

Holistic and coherent advice to customers on financial products ...

... forms the foundations of a Bank's operations. When it comes to customer orientation, Commerzbank quickly determined what customers want and need, and also integrated these desires and requirements into their business operations before others did.

Corporate client

I am a little sceptical here. Is this policy actually implemented? Sometimes there is a dilemma here in that the Bank wants to earn money and there is huge pressure to make a sale. I see a major discrepancy here between the vision and the reality.

Journalist

Banks have fallen behind somewhat over the past few years. You have to find a solution on how to handle customer relationships fairly and correctly. If so much happens via online banking, the customer will lose track of who they're actually dealing with.

NGO

Sustainability effects in lending

The contribution of lending business to sustainable development ...

... has been a positive feature at Commerzbank in my eyes. Commerzbank, which is partially owned by the taxpayer, should support the goals of the German sustainability strategy, not contradict them.

Politician

Due to its role as a financial intermediary, Commerzbank has a major influence in lending business because it can directly decide whether funds flow or not.

Representative from the financial world

Commerzbank should perhaps consider implementing the Equator Principles in relation to its project financing business. This could apply to commercial real estate financing, too, with the financing of buildings with sustainability labels being given priority.

Scientist

Sustainability criteria in proprietary investments

Integrating sustainability factors when selecting pension funds and structuring liquidity reserves responsibly ...

... will become increasingly important in the future, because the public sector will pay increasing attention to sustainability criteria when it comes to the proprietary investment of pension funds.

Politician

When it comes to a holistic strategy, it's worth considering how to implement these concerns into your own investments, especially in relation to pension funds. In the bond business, controversial issuers can be excluded.

Representative from the financial world

FRAMEWORK FOR ENVIRONMENTAL AND SOCIAL RISKS

Risks and side effects

Some bank business is inherently linked to an environmental and social impact. A framework for managing environmental and social risks helps our employees make responsible decisions.

For information on risks and side effects, please speak to ..., your colleagues from Reputational Risk Management. Many Commerzbank employees working in front office took this advice once again in 2018. Every single lending decision can also have a negative impact, such as in terms of resource consumption or other environmental implications.

This is where Commerzbank's Reputational Risk Management comes into play. It sets out the guidelines and boundaries for business activities by assessing transactions, products and customer relationships in a differentiated manner. Particular focus is placed on reviewing the compatibility of financing with the Bank's sustainability principles, which are defined in positions and policies.

New framework published

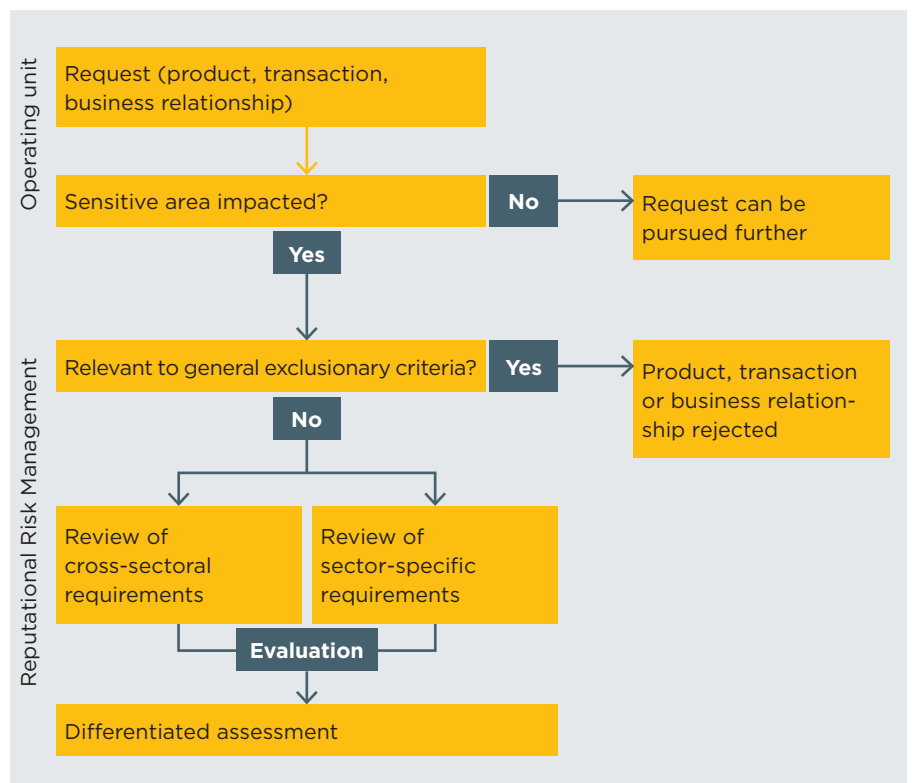
Commerzbank has been consistently expanding the list of areas that Reputational Risk Management monitors and evaluates since 2008. In early 2018, the Bank published a framework for managing environmental and social risks in core business. It explains the Bank's internal management of these risks and describes the risk management process in terms of environmental and social risks.

In addition, the framework lists general exclusion criteria that lay out what business Commerzbank generally does not engage in. This includes financing new coal-fired power plants or financing projects with a link to fracking or Arctic drilling. The other exclusion criteria are presented in a handy table. The framework also describes the over-

arching requirements when it comes to respecting human rights and protecting indigenous populations.

"All in all, the purpose of the framework is to contribute to greater transparency regarding existing processes, requirements and policies," says Volker Moege, Head of Reputational Risk Management at Commerzbank. It serves as a source of information, both to Bank employees and to customers, about what Commerzbank finances, what it doesn't finance and which transactions require closer analysis.

Environmental and social risk management process at Commerzbank



 MORE INFORMATION ABOUT ENVIRONMENTAL AND SOCIAL RISKS AT COMMERZBANK IS AVAILABLE AT SUSTAINABILITY.COMMERZBANK.COM > SUSTAINABILITY STANDARDS > POSITIONS AND POLICIES

PROTECTING THE CLIMATE IN-HOUSE

Small and big steps to climate protection

Commerzbank's efforts to protect the climate begin right at home with a series of steps both large and small - from disposable cups to climate neutrality.

Climate goal achieved early

Commerzbank has been pursuing a climate strategy since 2008, which includes reducing CO₂ emissions by 70 percent before 2020. The Bank achieved this goal in 2018. The greatest savings were generated through the comprehensive switch to light-emitting diodes (LEDs) in outdoor advertising and the provision of 100 percent green electricity to all buildings in Germany. Other savings were made in particular in relation to the Bank's fleet and business travel, in building management and in IT.

Disposable cups banned

Disposable cups for coffee and other drinks have been banned at all Commerzbank locations with cafeteria services since autumn 2018. This means that the Bank meets one of around 100 goals in its Sustainability Programme. Prior to the change some 1.3 million disposable cups were used per year in the Frankfurt headquarters alone.

More electromobility

Since March 2019, five Commerzbank buildings in Frankfurt have been gradually fitted out with charging stations for employees' private electric cars. With Commerzbank having switched its electricity supply to 100 percent renewable in 2013, employees are able charge their electric cars using green electricity only at these charging stations.

Forest over paper

Electronic mailboxes for online banking customers save a huge amount of paper and shipping costs. Commerzbank has been promoting the use of electronic mailboxes since October 2018 with one particular measure that benefits the environment: for each new mailbox that is set up, the Bank plants one square metre of forest in Germany in conjunction with the Bergwaldprojekt non-profit organisation. This has resulted in more than 320,000 square metres of forest being planted in the first eight months of the project alone.

Still climate neutral

Commerzbank has reinforced its commitment to protecting the climate and signed up to the Climate Neutral Now initiative. This initiative was launched by the UN in 2015 and is aimed at encouraging and supporting all levels of society in taking climate action. The aim is to achieve a climate-neutral world by 2050 by ensuring that everyone measures their greenhouse gas emissions, reduces them where possible and compensates for all remaining emissions.

Recycled paper only

Since February 2019, Commerzbank has only used recycled paper containing the Blue Angel ecolabel for print-outs and copying. Different standards had applied in the past, due to the different colour tones of the paper. Now a type of recycled paper with 100 percent whiteness is used, helping to preserve resources and save energy. This allows around 640 tonnes of CO₂ emissions to be saved every year.



MORE INFORMATION ON PROTECTING THE CLIMATE AT COMMERZBANK IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.COM](https://sustainability.commerzbank.com) > ENVIRONMENT & SOCIETY

INTERVIEW

“Banks without integrity don’t work”

We asked Dr Bettina Orlopp what integrity means for Commerzbank. She is the member of the Commerzbank Board of Managing Directors responsible for Compliance, Human Resources and Legal.

Dr Orlopp, many people would consider the words “banks” and “integrity” to be a contradiction in terms if you look at the past few years. What is your message to the sceptics?

In my opinion these two topics are firmly linked. Banks without integrity don’t work. We have a social responsibility as a bank, especially on account of the products we offer. Think about international payment services. In this area it is our responsibility to ensure that no activities such as money laundering, terrorism financing, breaches of sanctions, etc. take place using our systems and that we uncover every attempt to do so.

Integrity is one of our ComWerte corporate values. That’s no accident; it shows that integrity is part of our core as a bank. It goes without saying that we must invest in this area time and again, because requirements change and we are developing along with society.

Since the financial crisis a number of years ago, there have been many legislative initiatives aimed at protecting investors and consumers. Do customers need protection from banks?

I think one has to strongly differentiate between the specific objectives of the regulatory measures implemented since the financial crisis. Some regulations are aimed at allowing banks to build up more equity and make them-

selves more resilient to crises. I don’t think anyone can criticise that. The second aspect is the fact that criminal organisations evidently misused banks to finance activities such as terrorism. We need banks to have denser monitoring systems to put the authorities in a position to pursue these organisations. The third factor is consumer protection. Customers need to feel that they are protected at their bank. Not every form of regulation is welcomed by customers, however. For example, many customers do not consider the regulations in the MiFID II directive to be very helpful. In my opinion we have to find a way of making sure we do not scare off customers who invest in securities for their pensions.

Back to your question: Customers don’t need to be protected from their banks. But, like any other stakeholder, they need a form of safety net. Consumer protection is just as sensible as protecting shareholders and employees, but sometimes, perhaps, less would be more.

In this magazine, we are asking ourselves how a bank can provide orientation. How would you answer this question?

We help out businesses in compliance-related issues that concern international trade. Many SMEs cannot maintain whole compliance departments that check whether sanctions are breached. Often we are literally the

bank at our customers’ and clients’ side, supporting them with our expertise.

In terms of our employees, we provide them with important tools for their day-to-day work through our campaign on the culture of integrity, the new Code of Conduct and job-specific policies. Such policies can be hard work, but they create a layer of protection – above all for employees themselves. It is also our responsibility to implement regulations in a digestible manner. We structure the policies more in line with the activities in question and have significantly reduced the number of group-wide guidelines.

It’s one thing to have rules in place, but another thing entirely to stick to them. Was that one of the reasons why the Code of Conduct was revised?

We are all bound by the limits of the law, but the world is changing ever more quickly. That’s why we regularly review our business and social standards and adjust them if necessary. Our aim was to increase the focus on compliance and ensure that everyone has their eye on the issue, is courageous, watches out for each other and takes action if something looks to be going wrong at the Bank or with a customer.

The Code of Conduct is a general framework that places our ComWerte core values into an overall context.



Dr Bettina Orlopp is committed to integrity at Commerzbank.

There are also specific regulations in the workplace, which are defined in our policies. Reviewing our Code of Conduct was also a targeted response to external feedback. We have now included more specific examples and process workflows. It was particularly important for us to formulate specific assistance with regard to integrity in an as coherent and accessible manner as possible. That wasn't always the case in the past.

What are the aims of the culture of integrity campaign and what's the link to the Code of Conduct?

The Code of Conduct guides us in ambiguous situations, such as how to respond to invitations from customers and clients and whom to contact if there is a suspicion of money laundering. The aim of the campaign is to strengthen our culture of integrity and make it clear how we all must act, not simply the compliance department. We

are responsible, reliable and act with integrity. Our intention is to make our mission and our attitude clear to everyone, both inside the Bank and outside.

Why do we even need the Code of Conduct and an integrity campaign? Isn't integrity non-negotiable?

Absolutely. The Code of Conduct helps us to correctly assess situations and act

independently. We all make decisions and take responsibility. We pursue the same objectives. But we also base everything we do on our core values, the ComWerte. Our decisions involve a great many directives, laws and internal regulations that we have to keep ourselves up to date with. The Code of Conduct defines our minimum standards.

Secure whistleblowing platform

The Commerzbank Group has maintained tried-and-tested reporting and contact channels to disclose potential breaches of the law, including the processes involving the compliance and audit departments. In addition, customers, employees and third parties can submit information around the clock through our online Business Keeper Monitoring System (BKMS), either by name or anonymously.

In 2018, the number of topics on which information can be submitted was also expanded. The whistleblowing platform is operated outside of Commerzbank on the system provider's servers, which are located on specially designed secure premises. A publicly appointed and sworn appraiser certifies the system on an ongoing basis, ensuring that the users remain anonymous and data secure.

CULTURE OF INTEGRITY AWARD

Everyday heroes

In 2018, for the first time, Commerzbank honoured employees who have displayed a particular commitment to integrity. The example they set should spur us all on.

“Responsible for compliance here: everyone.” That’s just one of the posters displayed in the corridors of Commerzbank since spring 2017 as part of the internal campaign promoting the culture of integrity. But the campaign is about more than just decorating the wall, it is also aimed at fos-

tering integrity in the workplace and in dealing with customers and ensuring that compliance is not seen as a barrier.

In 2018, the Bank took another step forward with its Culture of Integrity Award, which was used to honour employees internationally who had acted as role models and protected

customers and/or the Bank from damage. “We often see employees who display commitment and attentiveness that goes beyond the bounds of normal expectations,” says Armin Barthel, Divisional Board Member Compliance at Commerzbank and one of the four jury members who decide on the recipients of the award. “This allows them to uncover matters that might not have been discovered in normal banking operations or through monitoring. We thought it was high time we honour these ‘everyday heroes’.”

Millions of euros in damages averted

The prize is awarded for work to uncover insider trading, money laundering or IT errors in online banking or to prevent customers being targeted by fraud. One case from Darmstadt in 2018 was highlighted particularly by the jury.

Despite initial resistance from a corporate client, two employees used their prudence and great powers of persuasion to prevent the client from falling victim to CEO fraud. Sales assistant Bettina Freihoff-Wissel and corporate client advisor Ralf Gönner-Ehrhardt stood their ground and were able to prevent the client from suffering damages of around 1 million euros. The jury believed that this case was worthy of the award due to the extraordinary commitment, bravery and resoluteness shown by the employees even when faced by resistance.



Ralf Gönner-Ehrhardt and Bettina Freihoff-Wissel are happy to receive the first Commerzbank Culture of Integrity Award.

EQUAL OPPORTUNITIES

The same but very much different

Commerzbank's endorsement of the Women's Empowerment Principles of the United Nations is a clear commitment to gender equality.

Commerzbank has done a great deal over the past few years to ensure that employees can maintain a healthy work-life balance. This includes offering flexible working situations, part-time work (including for management) and, since March 2019, a new policy on working remotely, a guaranteed return to work after maternity and paternity leave, company-sponsored childcare, mentoring programmes, individual development workshops and much more besides.

Equality means business

Today, all employees at Commerzbank hold the same high qualifications and possess the same leadership skills, irre-

spective of their gender. Mixed-gender teams, particularly in management, display outstanding performance and are key to the success of the Bank with regard to internationalisation and demographic change.

The claim of a UN initiative that Commerzbank joined in August 2018 – Equality Means Business – fits perfectly with the Bank's vision. With Chairman of the Board of Managing Directors Martin Zielke endorsing the UN's Women's Empowerment Principles (WEPs), the Bank is obliged to continue promoting gender equality. The WEPs are the first initiative in the world targeted at strengthening the role of women in businesses. They are

the brainchild of UN Women and the UN Global Compact network, of which Commerzbank is also a signatory, and have been endorsed by more than 1,900 business leaders already.

Commerzbank is convinced that equal opportunities are beneficial for business. At the moment, women make up a majority of 52 percent of the Bank's workforce. However, this figure is not reflected at the different management levels. This has to change. Over the past few years, the number of women in leadership positions has been increased group-wide to over 30 percent. The next target is to increase this figure to 35 percent by the end of 2021.

The seven Women's Empowerment Principles

- 1 Establish high-level corporate leadership for gender equality
- 2 Treat all women and men fairly at work – respect and support human rights and nondiscrimination
- 3 Ensure health, safety and well-being of all workers, regardless of gender
- 4 Promote women's education, training and professional development
- 5 Implement enterprise development, supply chain and marketing practices that empower women
- 6 Promote equality through community initiatives and advocacy
- 7 Measure and publicly report on progress to achieve gender equality



MORE INFORMATION ON THE WOMEN'S EMPOWERMENT PRINCIPLES IS AVAILABLE AT WWW.WEPRINCIPLES.ORG

DIVERSITY

Embracing inclusion

One in every eight people in Germany lives with a disability. Inclusion of employees in a professional setting and of our customers through accessibility programmes is a key element of Commerzbank's diversity strategy. It is described in the Different Together action plan.

Commerzbank comes into contact with the social challenges associated with the inclusion of people with disabilities on a daily basis in two ways: in relation to its employees within the Bank and externally while serving customers. "In Germany, there are around 10 million people who live with a disability," explains Pascale Tariverdi Zadeh, coordinator of the accessibility project group that was created in 2010. "The trend is that our population is becoming older and older, and that suggests that this figure will only rise moving forward. All of these people belong to our society, it's as simple as that. As

employees and as customers." It's no accident that Commerzbank has been looking for ways to improve its interaction with people with disabilities for many years.

Trust forms the common understanding

The Bank signed the German Diversity Charter (Charta der Vielfalt) back in 2007, and has embraced it in every regard ever since. The missing piece from Commerzbank's efforts regarding the inclusion of people with disabilities was an overall concept to bring together and reorient all of the activi-

ties both within the Bank and externally. This was exactly what the Bank did in 2018 by publishing its Different Together action plan.

It was based on the UN Disability Rights Convention of 2009 and lays the foundations for an inclusive future at Commerzbank. It aims at ensuring that people with disabilities no longer have to adapt to their environment, and instead have access to a world that meets their needs.

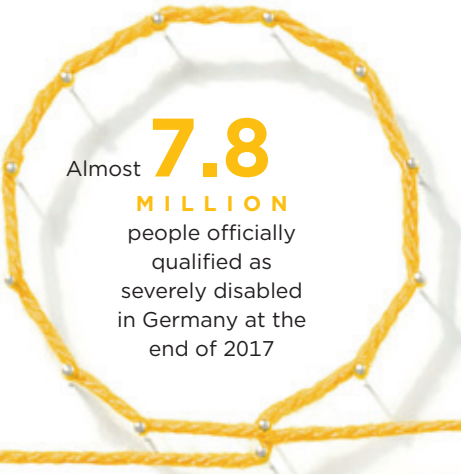
The Bank's inclusion action plan is a way of taking on voluntary obligations that already exist in the real world, as its proponents put it. It improves equality in a number of areas at the company. The measures included in the plan range from communication and awareness of workplace design and accessibility right through to health management and mobility in the work environment. This commitment was honoured by the Federal Ministry for Labour and Social Affairs in November 2018 with a certificate of recognition.

Strength through inner cohesion

The most important element of inclusion within the Bank is to remove all the mental barriers - both among people with disabilities, who withdraw themselves because of their limitations, and among those who fear confronting these kinds of situations. Talking helps. "I would like others to benefit from my experiences and not have to have any experiences, including negative ones, of their own," says Patrick Seidel, com-

People with disabilities

In Germany around 10 million people live with disabilities, 7.8 million of which qualify as severely disabled. That equates to around one in every eleven German citizens. For roughly 6.5 million people, the causes of their disabilities are general (chronic) illness from the age of approximately 55.



Almost **7.8**
MILLION
people officially
qualified as
severely disabled
in Germany at the
end of 2017

Source: German Statistical Office (Destatis), IW Medien/iwd



Most modern Commerzbank branches have full step-free access.

puter scientist at the Commerzbank headquarters, who has required a prosthetic knee since suffering a motorcycle accident.

Commerzbank Inclusion Officer Sofia Strabis is committed to ensuring that a culture of openness becomes self-evident. “Digitalisation and work 4.0 have opened the door to advanced solutions to allow every single individual contribute their talent and potential in the best way possible,” she says. Never has it been easier to find individual, everyday solutions for individual disabilities: from read-aloud software for the blind to home-office solutions for people with chronic disabilities or restricted mobility.

Create access, extend access

The same applies to the Bank’s relationship to its customers, with accessibility at the core. Every person should have unrestricted access to all of the Bank’s services, such as to branches and their functions. “As of today, roughly two-thirds of all Commerzbank branches have full step-free access,” says Pascale Tariverdi Zadeh. Accessi-

bility is ensured by means of ramps in entrance areas as well as accessible signage, building profiles and advisory meetings.

But that is only a small part of our commitment: “We must not forget that accessibility is also important on the internet,” Tariverdi Zadeh continues. Branch finders, application portal,

online banking – the list of digital services is a long one. A special team is currently working hard to ensure that Commerzbank’s websites and apps are accessible. Recently the Bank conducted a survey of employees and customers with a variety of disabilities including vision impairments and restricted mobility.

“We often receive suggestions and recommendations through quality management. We take these very seriously and work on solutions for a great range of supposedly small issues,” explains Thomas Fries, project manager in branch management. “Often in life it’s the small things that have the greatest impact – and that’s particularly the case with inclusion.

Commerzbank Foundation facilitates cultural participation

The Commerzbank Foundation has also recently helped make it easier for people with disabilities to actively participate in society.

The Bank supported the trial of a new tactile concept for blind and visually impaired people as part of a special exhibition at the Deutsches Filmmuseum.

The “Hautnah” exhibition centred on film costumes designed by Barbara Baum. The exhibition organisers used drawings and original materials to design a variety of touching stations. The concept was also supported by a website providing in-depth, interactive content through QR codes scanned using smartphones or tablets.

GUEST ARTICLE

What does solidarity mean today?

by Prof. Dr Heinz Bude

To many people, the word “solidarity” is a well-used term that conjures up images of a bygone age. However, it also goes right to the heart of the world today. The era of neoliberalism is gradually coming to an end across Western society. This ideology was characterised by the belief that a solid society is made up of strong individuals. Thoughts always centred on the individual and enhancing one’s own opportunities. Now, ideas of neoliberalism are met with disenchantment. Haven’t the rich become richer and the poor poorer? At the very least we can say that a deep void has been created between those of us with a comfortable existence and those for whom prosperity is a somewhat more precarious proposition. Often people in these two distinct groups will live right next to each other.

The result is a quiet rebellion among those who feel they have been forgotten. They are standing up against a society that celebrates individual success and looks down on those who require assistance. Yes, even the majority who once lauded this ideology as the “new centre ground” do not seem to recognise themselves any more. Who still believes that they will be able to save themselves from an era of climate change, global migration and ageing demographics while acting alone?

People are looking to be shown a way, in politics and elsewhere in society, that’s all about the “we” and less about the “me”. This is not only about asking what we owe to others, but rather what we owe one another and what we can share with each other. This is a kind of solidarity that a modern-day society simply cannot do without. It creates space for us to develop a sense of how we can emerge from a world that has seemingly lost its future. We need to act with solidarity and as



equals, with everyone playing their part to contribute to the greater good to the best of their abilities.

The principles that apply to society also apply, of course, to businesses. Leadership is about bringing people together. The world of visionary bosses and silent freeloaders is not one of solidarity. The spirit of solidarity emerges in an environment of mutual assistance and joint responsibility. No one achieves great things just for themselves. Even the Romans lived by the principle of “obligatio in solidum”: all for one and one for all. Solidarity evokes a world we share with other forms of life. None of us is alone and none of us can save themselves. However, solidarity is not something that can be ordered from a higher plane, neither can it be forced through powerful rhetoric. There is a question here that cannot be avoided: why is life worth living and why is it worthwhile to work? For young people nowadays it’s no longer a question of working for a living or living to work. There is not necessarily any separation between work and life; they are linked organically. But how can that work? With solidarity, of course.

PROFESSOR HEINZ BUDE teaches macrosociology at the University of Kassel.

FOUNDATIONS

A new together

Commerzbank's foundations are engaged in a wide range of charitable initiatives and foster a sense of social solidarity in a variety of ways. Two examples:

In 2018, the Staatsschauspiel Dresden theatre became the inaugural recipient of the Commerzbank Foundation's ZukunftsGut prize. The theatre was honoured for its citizens' stages concept, which allows a wide range of people to take part in productions. "This adds a whole new dynamic to the theatre," says Astrid Kießling-Taşkın, head of the foundation. Influences from outside the theatre change the internal perspective on cultural heritage and work in this area. "Cultural means are used to bring people together who would otherwise not have any contact with each other," says Birgit Mandel, Professor of Cultural Management and Cultural Communication at the University of Hildesheim and specialist curator at the Commerzbank Foundation. The stage productions provide a community focus on social issues and other problems, thereby creating a new together.

Through the ZukunftsGut prize, the Commerzbank Foundation supports particular cultural communication con-

cepts that succeed in providing a gateway to culture for a wide range of demographic groups. The focus here is on understanding and implementing cultural communication as a strategic task of an entire organisation.

Back to life

Commerzbank's six social foundations are also committed to creating a better tomorrow. They are dedicated to current and retired employees, as well as their close relatives, who are in precarious situations through no fault of their own. Fabian Marquardt is just one example. Fabian began at Commerzbank in 2015 as a trainee in securities and pension product management. In September of the same year, he was hit by a car while crossing the road and severely injured. He lay in a vegetative

state for weeks with serious injuries and after suffering a stroke caused by the accident. Ever since, he has been fighting back with the help of Commerzbank's social foundations.

Fabian's family still have a huge number of costs for physiotherapy, speech therapy and other rehabilitation measures that no health insurer will cover – such as additional resources and sessions with a personal trainer. This is where the Commerzbank social foundations can step in to help. "The additional training sessions, which wouldn't be possible without the support from the foundations, mean that Fabian has achieved significantly more than his doctors thought was possible at this stage," says Mario Peric, Stuttgart branch manager and Fabian's former superior.



MORE INFORMATION ON THE COMMERZBANK FOUNDATIONS IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.COM > FOUNDATIONS](https://sustainability.commerzbank.com/foundations)



In motion:
The citizens' stages organised at the Staatsschauspiel Dresden theatre won the Commerzbank Foundation's ZukunftsGut prize.

CORPORATE VOLUNTEERING

One good turn deserves another

Digitalisation, demographic changes, globalisation – a range of challenges is putting the spotlight on social cohesion. For this reason, many employees at Commerzbank feel obliged to give something back to society.

Corporate volunteering is the term used for initiatives to help employees engage in volunteering activities. Commerzbank has been promoting voluntary work among its workforce for many years. “These initiatives have a number of aims, including making a contribution to social development and improving the lives of those who are not as fortunate as ourselves,” says Hannes Glock, head of the education mentor programme. “What’s more, the projects also have a positive impact on our colleagues. This personal commitment increases motivation and understanding of other ways of life.”

Sometimes employees use the skills they have learned at Commerzbank as part of the initiative. But often it is simply all about investing time in doing good deeds. Commerzbank supports its employees by giving them corresponding time off and access to the required infrastructure. There are also platforms available for employees to share their experiences. Employees also have the opportunity to contribute their own ideas and initiatives. The success stories that are regularly published on the Bank’s intranet raise awareness of the initiatives and increase the motivation of those involved.

 **MORE INFORMATION ABOUT CORPORATE VOLUNTEERING AND EMPLOYEES’ EFFORTS AT COMMERZBANK IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.COM](https://sustainability.commerzbank.com) > ENVIRONMENT & SOCIETY > COMMITTED EMPLOYEES**



Examples of corporate volunteering activities at Commerzbank



Malteser Social Day

As part of the Malteser Social Day, the Malteser Hilfsdienst e. V. association organises a number of social projects which volunteers can assist with. Commerzbank is involved year after year: whether it be renovating schools or serving food to those in need, Commerzbank people turn up in droves. This not only benefits for the social projects themselves, internal surveys have found that Social Day participants are happier, more willing to help, more motivated, and display an increased level of initiative. A real win-win situation.



Education mentors

In the "Bildungspaten" (education mentor) programme, Commerzbank employees mentor young people from disadvantaged backgrounds to help them find their feet on the career ladder. The aim here is to make a contribution towards equal opportunities in education by discouraging young people from leaving school or discontinuing their vocational training prematurely and offering them prospects moving forward. The programme operates all over Germany in conjunction with local educational initiatives.



business@school

The business@school programme initiated by the Boston Consulting Group contributes to promoting general financial education in schools. Commerzbank has been supporting the initiative for many years. It is targeted at students in higher secondary education. Commerzbank employees introduce the students to the principles of the economy over a period of one year. Every year, more than 2,000 students in Germany, Austria, Italy, Switzerland and the US acquire their first qualifications and even develop their own business ideas.



Loose change initiative

The loose change initiative encourages Commerzbank employees to donate the cent amounts on their monthly salary payments to charitable causes. Every year, the initiative supports a new selection of social projects in Germany and abroad, as well as environmental projects. An online voting system is used to decide how to distribute the donations. In 2018, some 25,000 euros was raised in total. The amount was donated to the Bergwaldprojekt's forest school, to help former child soldiers and victims of child prostitution in the Republic of the Congo and people with learning difficulties.



Christmas Wish campaign

Ever since 2007, Commerzbank has been making an effort to give children and young people who haven't had the best start in life a reason to be cheerful in the run-up to Christmas. Christmas wishes are gathered together on bulletin boards, such as in the lobby of the Commerzbank Tower in Frankfurt, with employees either teaming up to make the wishes come true or doing so alone. Shortly before Christmas, members of the works council deliver the packages to children and youth homes in Frankfurt. Similar wish lists are organised at other Commerzbank locations around Germany.



SPORT

Role models for values

Thanks to its commitment to sporting activities, Commerzbank supports a broad range of youth development initiatives – an area where sport is more about social integration than competition. The DFB Junior Coach youth development initiative and the Das Grüne Band funding programme are two prime examples.

Football coaches must have a range of skills: Not only do they have to have an excellent command of football skills and tactics, they also have to be able to teach and organise people. What's more, coaches are important role models – particularly for children. It is also their job to embody and communicate values such as appreciation, fairness, trust and reliability. With this idea in mind, Commerzbank supports the German Football Association's (DFB) Junior Coach programme to encourage more young people to volunteer as football coaches.

From trainees to trainers

Football-mad schoolchildren from the age of 15 are trained to become football coaches in a 40-hour programme. It costs nothing to take part, and the course is offered in schools and serves as a means of opening the door to licensed coaching. Commerzbank has been the national partner of the project since it began in 2013 and aims to make a visible contribution to strengthening its volunteering activities and supporting mass sport at a grass-roots level. The German national football team managers Joachim Löw and Martina Voss-Tecklenburg are DFB patrons for the project. Löw knows how important

such initiatives are and is happy to be involved: "I think it is important to offer dedicated, motivated and football-mad schoolchildren the chance to enter the world of licensed football coaching at an early age."

Some 15,000 young people have been trained as DFB Junior Coaches already. Sporting prowess is by no means the only benefit from the programme. Commerzbank patrons also assist the young participants in starting their professional careers through application training courses and internships. The combination of sport and education gives participants the opportunity to take on responsibilities and develop personal skills.

Values beyond the bounds of sport

Sport has the same effect across the board. Through the Das Grüne Band initiative, Commerzbank and the German Olympic Sports Confederation (DOSB) honour sporting associations that go the extra mile when it comes to youth development by combining sport with social responsibility.

"Das Grüne Band brings together sport and education under one roof," says Uwe Hellmann, Head of Brand Management at Commerzbank. "The values that are important in sport are also important in education." Moritz Fürste, ambassador for the programme and Olympic champion in hockey, is also aware how valuable it is: "I was lucky enough to benefit from an excellent development programme and know first-hand how valuable the association's work is." Every year, a total of 50 associations receive 5,000 euros each. This programme has been running for the past 30 years – also a form of sustainability.

Company sport in 50 different disciplines

Commerzbank also promotes the sporting activities of its employees. From aerobics to handball to zumba, Commerzbank employees can take part in over 50 disciplines. The 160 company sport associations all over Germany have more than 16,000 members in total. Around 1,000 employees voluntarily dedicate their time to organising training sessions and events, such as inter-regional tourna-

ments in bowling, squash, swimming, tennis, golf or football. The Bank also helps organise the Comgames event. At our "Commerzbank Olympics", up to 800 employees spend the weekend competing in a number of different sports. Commerzbank provides financial support to employees and their relatives for company sport in order to strengthen workforce cohesion and promote a healthy lifestyle.

Our achievements

Numbers can also help provide orientation, to evaluate progress, review targets we have set ourselves or determine where we need to improve. The following figures represent some examples of our achievements regarding sustainability and corporate responsibility. We publish further details online according to the guidelines of the Global Reporting Initiative (GRI). This online report also serves as our Communication on Progress regarding the fulfilment of the ten principles of the UN Global Compact. All figures relate to 2018.



EMPLOYEES

28%

of the managers at Commerzbank AG are women



ENVIRONMENT

70.07%

fewer annual CO₂ emissions compared to 2007: This means that we have achieved our climate goal two years ahead of schedule



SUSTAINABLE FINANCE

11.4 BILLION

euros was the total volume of all green and social bonds that Commerzbank helped issue in 2018

71.2%

of trainees were recruited in 2018

588 TIMES AROUND THE

WORLD or 23.6 million kilometres less than in 2016 travelled by our employees on business travel in 2018

4.6 BILLION

euros was the total amount of the loan portfolio of our Energy Centre of Competence



AMOUNT INVESTED

1.87 MILLION

euros was the amount invested in the community and charitable organisations through Commerzbank foundations

2018



HOLISTIC RISK MANAGEMENT

5,900

verification requests regarding environmental, social and ethical issues were handled by the Reputational Risk Management team in 2018

 MORE INFORMATION ON COMMERZBANK'S SUSTAINABILITY PERFORMANCE FOR 2018 IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.COM > FACTS & FIGURES > PUBLICATIONS > GRI REPORT](https://www.commerzbank.com/sustainability/facts-figures/publications/gri-report)

SUSTAINABILITY STRATEGY

Priorities of sustainable action

Sustainability management at Commerzbank focuses on three strategic fields of action, which establish the framework for the objectives we have defined with regard to our corporate responsibility.

“We want to meet global challenges as a responsible partner for sustainable economic and social development.” This commitment was once again the starting point to review the areas of activity in our sustainability strategy in 2018.

In our dialogue with external sustainability experts (see page 14/15) as well as Bank employees and managers,

we looked into which areas we particularly need to focus on to fulfil this commitment.

To do so, a variety of financially relevant sustainability aspects were prioritised in terms of what they mean to the Bank’s ability to handle the challenges of the future, how our business model impacts the environment and society, and what our stakeholders

expect. These considerations were based on the expert feedback, economic data, the evaluation of market trends, online surveys and discussions with the management.

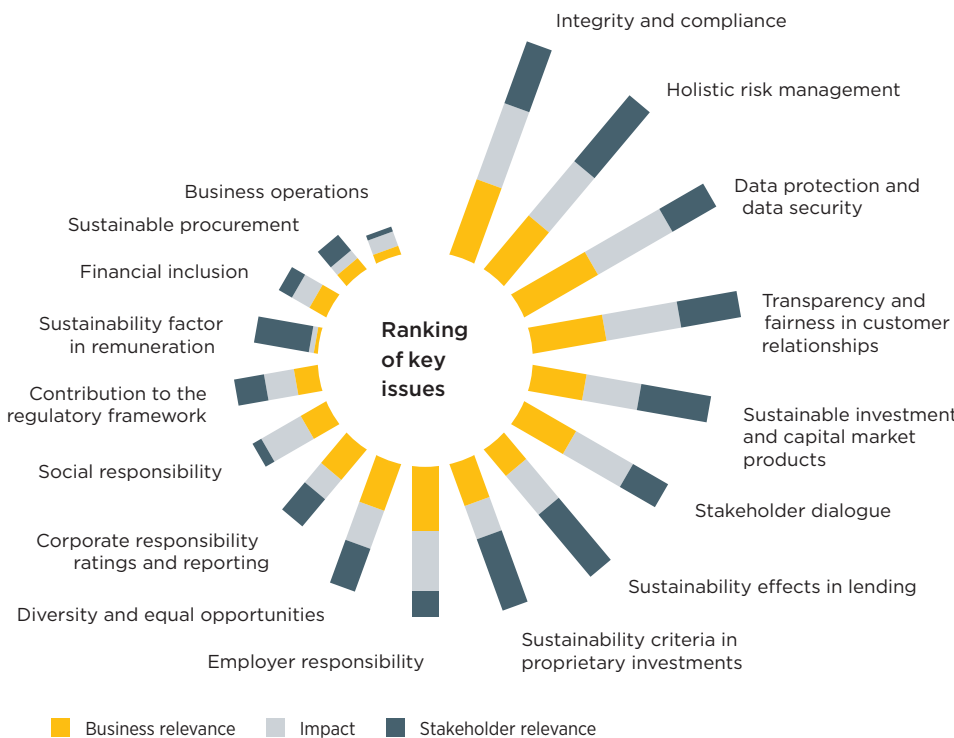
The chart below displays the results of this materiality analysis.

Sustainability strategy continues

The re-assessment of strategic focal points has confirmed Commerzbank’s approach of focusing on three established areas of activity. At the same time it became clear that we need to take sustainability aspects into greater consideration with regard to products and services as well as in customer advisory services and in management.

The results of the materiality analysis are an important guide in this regard. We also received a great deal of input on how to develop and refine our sustainability strategy from external sustainability experts and interested employees. In specific terms, this means:

- In the Sustainable Corporate Governance field of action, we are systematically expanding our risk management system with the addition of non-financial aspects and reinforcing a corporate culture based on trust, transparency, integrity and security.



- In the Market and Clients field of action, we are developing new products and services to face up to global challenges and resulting market changes and offering our customers the best advice and support.
- In the Environment and Society field of action, we are taking responsibility for the natural world, people and the democratic framework of a successful, coherent society.

Our objects for more sustainability

Commerzbank relaunched its sustainability programme in 2016 and set short-, medium- and long-term objectives that the Bank has been working towards since. The full programme contains around 100 objectives and is available online. Here you can also find information on to what extent objectives have been achieved.

We have already achieved some 40 percent of our objectives. Around 35 percent are continuously worked on and interim targets set for the year

2018 were reached. We are currently working on achieving another 15 percent, most of which on an ongoing basis or by the year 2020. The remaining 10 percent of objectives have either not been addressed yet or are not being pursued on account of management decisions or shortfalls in resources.

Below you will find an excerpt of our sustainability programme:

Field of action	Dimension as per materiality analysis	Goal	Level of implementation end of 2018
Sustainable Corporate Governance	Integrity and compliance	Development of coordinated standards between banks and supervisory authorities for the handling of payments for humanitarian projects in sanctioned countries in compliance with the law (in the European Banking Federation)	
	Data protection and data security	Intimate and timely accompaniment of the digital transformation of Commerzbank by Commerzbank's data protection and data security units with the aim of making innovative technologies safe to use in the context of digitalisation	
	Stakeholder dialogue	Establishing a regular stakeholder dialogue on social and economic issues in order to discuss the Bank's role in society	
	Sustainability criteria in proprietary investments	Goal currently being defined	
	Employer responsibility	Regular and extensive risk assessments at Commerzbank AG Germany with a preventative focus on the psychological and physical health of employees	
	Diversity and equal opportunities	Provision of up to 120,000 euros per year for the activities of Commerzbank's eight employee networks	
		Increase the percentage of women in leadership positions to 17.5 percent in the first management tier, to 20 percent in the second management tier and to 35 percent across all management levels by the end of 2021	
	Corporate responsibility ratings and reporting	Placement among the top 20 percent in sustainability ratings among banking sector companies in Europe and the rest of the world by 2020	
	Sustainability factors in remuneration	Development of a system to take sustainability criteria into consideration when selecting and developing company benefits	

Progress: ongoing, 0 percent, <50 percent, >50 percent, 100 percent



Field of action	Dimension as per materiality analysis	Goal	Level of implementation end of 2018
Markets and Clients	Holistic risk management	Regular updates to positions and policies	
	Transparency and fairness in customer relationships	Use of coherent and solution-based language in customer communications: continuous development of communications and production information for customers with minimum comprehensibility indices	
	Sustainable investment and capital market products	Triple the percentage of sustainable investments in the total volume of assets managed by Asset Management for retail banking by 2020	
		Support clients in preparing for and issuing green bond transactions	
	Sustainability effects in lending	Active contribution of financial market perspectives in forums and dialogue platforms relevant to the energy transition	
		Systematically increase the volume of loans granted to corporate clients through the KfW energy efficiency programme	
Environment and Society	Social responsibility	Development of a method to quantify the value contribution of our social commitment by 2020	
	Contribution to regulatory framework	Organise an information event for analysts, rating agencies and representatives of non-governmental organisations to showcase Commerzbank's contribution to public policy development	
	Financial inclusion	Development of a "Disability" action plan to promote inclusion at Commerzbank by 2018	
	Sustainable procurement	Nationwide transition to environmentally-friendly coffee cups by 2018	
	Business operations	Reduce CO ₂ emissions at Commerzbank AG Germany by 70 percent by the year 2020 compared to the base year of 2007	

Progress: ongoing, 0 percent, <50 percent, >50 percent, 100 percent

MORE INFORMATION ON THE SUSTAINABILITY PROGRAMME AT COMMERZBANK IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.COM](https://www.commerzbank.com/sustainability) > CORPORATE GOVERNANCE > SUSTAINABILITY PROGRAMME

Imprint

Publisher

Commerzbank AG
60261 Frankfurt am Main, Germany
Tel. +49 69 136-20
info@commerzbank.com

Group Communications

Sustainability Management
sustainability@commerzbank.com

Concept, text and layout

akzente kommunikation und
beratung GmbH, Munich, Germany

Image credits

Marcel Schaar (cover)
Monsitj/iStocks (p. 5)
chuttersnap/Unsplash (p. 7)
Christian Salow/Unsplash (p. 9)
Private (p. 11, 12, 13, 20, 24)
Sebastian Hoppe (p. 25)
Joblinge (p. 27, top)
All other images: Commerzbank

Disclaimer

The information in this Corporate Responsibility Magazine was gathered with great care. Commerzbank AG considers the main sources of information for this publication to be reliable. However, no guarantee can be provided that the information is accurate and complete. Evaluations and assessments reflect the opinion of the author at the time of writing.

This magazine is also available in German. Both the English and German versions and additional information on corporate responsibility are available on Commerzbank's sustainability website, which is updated on a regular basis: sustainability.commerzbank.com.



Commerzbank AG

Headquarters

Kaiserplatz

Frankfurt am Main, Germany

www.commerzbank.de

