

COMMERZBANK

The bank at your side



Corporate Responsibility Magazine 2017

How can a bank shape the future?



Company profile

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks and is leading in financing for corporate clients in Germany. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. In total, the Group serves more than 17.5 million private and small-business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers and institutional clients.

480.5

BILLION EUROS
BALANCE SHEET TOTAL

1,399

MILLION EUROS
OPERATING
PROFIT/LOSS

279

MILLION EUROS
CONSOLIDATED
PROFIT/LOSS

49,941

PEOPLE
EMPLOYEES

New corporate structure of Commerzbank AG

Private and small-business customers

Private customers

- Approximately 1,000 branches across Germany for private customers
- 450,000 daily branch visits in Germany



Small-business customers

- Relationship managers for small-business customers reach 80 percent of all clients in less than 30 minutes
- 330 branches and offices across Germany where relationship managers for small-business customers are located



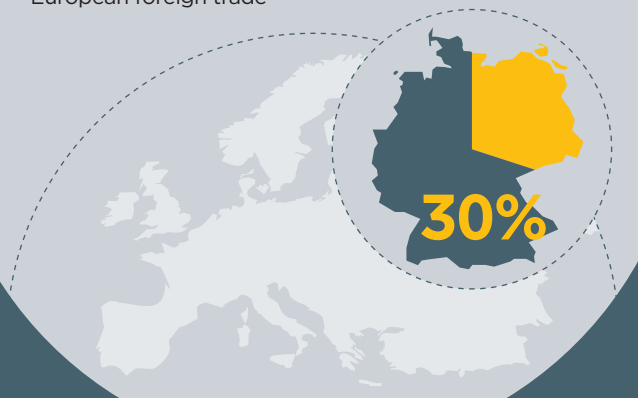
1,300

NEW CUSTOMERS (NET)
Since 2012

Corporate clients

Reason the Bank was founded in 1870: foreign trade financing

Commerzbank now handles approximately 30 percent of German and a significant share of European foreign trade



1 MILLION

NEW CUSTOMERS (NET)
Since 2012

All figures relate to 2016.



“The rapid pace of developments continues to increase, and what may be true today might not be true tomorrow. But we can learn from the past, analyse the present and use that to come up with options for the future.”

Martin Zielke, Chairman of the Board of Managing Directors

Ladies and gentlemen,

In the years since the financial crisis, we have brought greater stability to Commerzbank. We have reduced risks and substantially strengthened our capital base. In particular, the balance sheet structure has seen qualitative improvements, and we have pruned non-strategic business. In short, we have put the Bank on solid footing.

But will that be enough to handle the challenges of the future in the long term?

My answer to this question is ‘no’. We must do more. We need to successfully overcome the challenges ahead in order to grow profitably, as I do not believe we will see any change in the underlying conditions, such as the low interest environment or rising regulation costs, for the foreseeable future. The necessary efforts to digitalise systems and processes will also require significant investments.

In autumn 2016, we introduced our strategy for the next four years for precisely these reasons. In essence, the “Commerzbank 4.0” strategy revolves around enhancing our focus, digitalisation and efficiency. We plan to make the Bank more straightforward, faster and better for our customers and clients.

For us, becoming a better bank also means never losing sight of sustainability, which ranges from climate protection and the energy transition to responsible supply chains, integration and equal opportunities. At the same time, the importance of sustainable trade concerns continues to grow for us in light of increasing globalisation.

These are the issues that we address in this edition of Commerzbank’s Corporate Responsibility Magazine. Rigid solutions with no room for flexibility are not our objective. The rapid pace of developments continues to increase, and what may be true today might not be true tomorrow. But we can learn from the past, analyse the present and use that to come up with options for the future. Input from customers and outside experts will help us do so. Our guiding principle is focus based on integrity, which will make us strong in the long term.

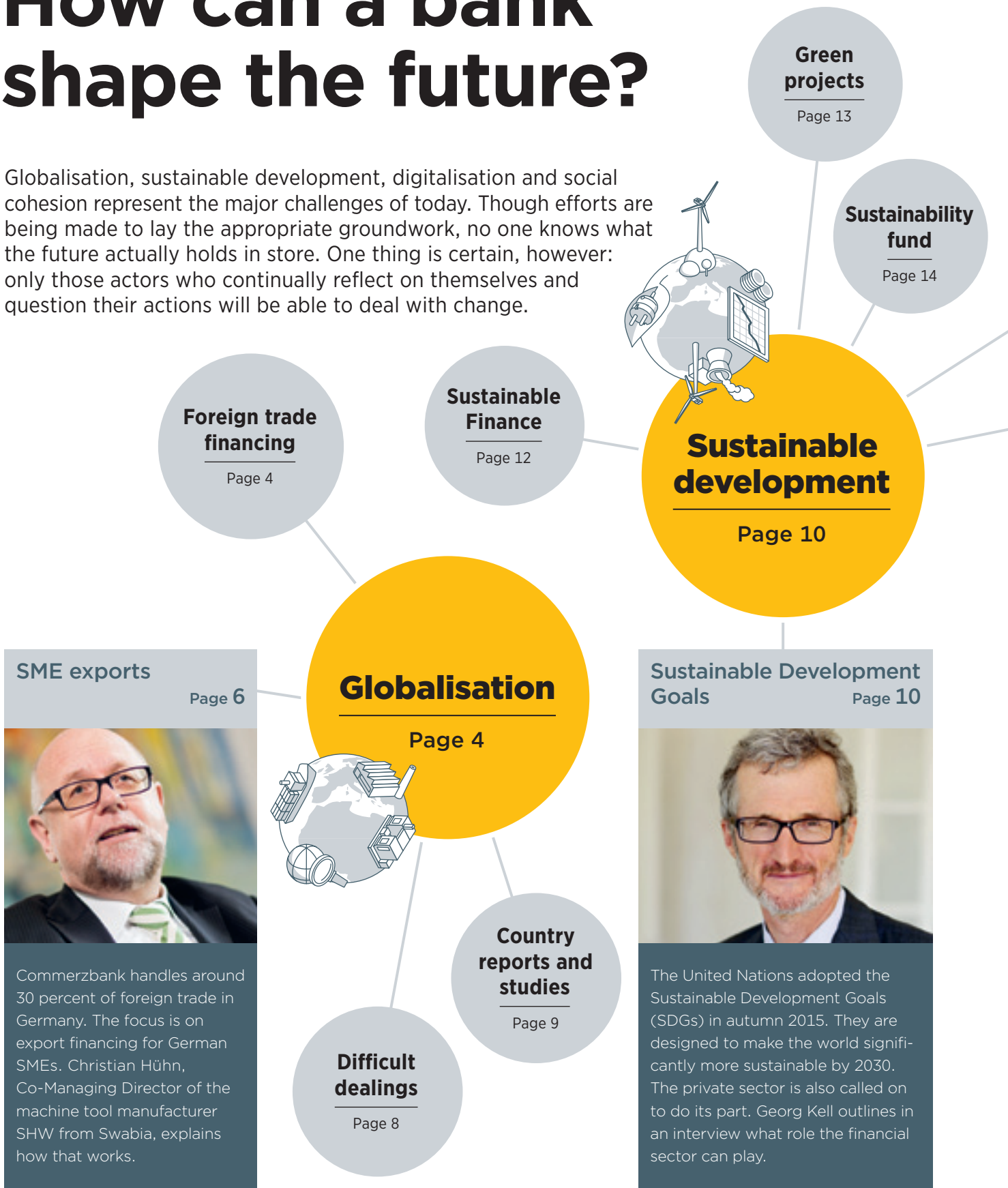
Last but not least, by signing the Global Compact of the United Nations in 2006, we have made a commitment to acting sustainably for the benefit of our customers and clients, shareholders, employees and business partners.

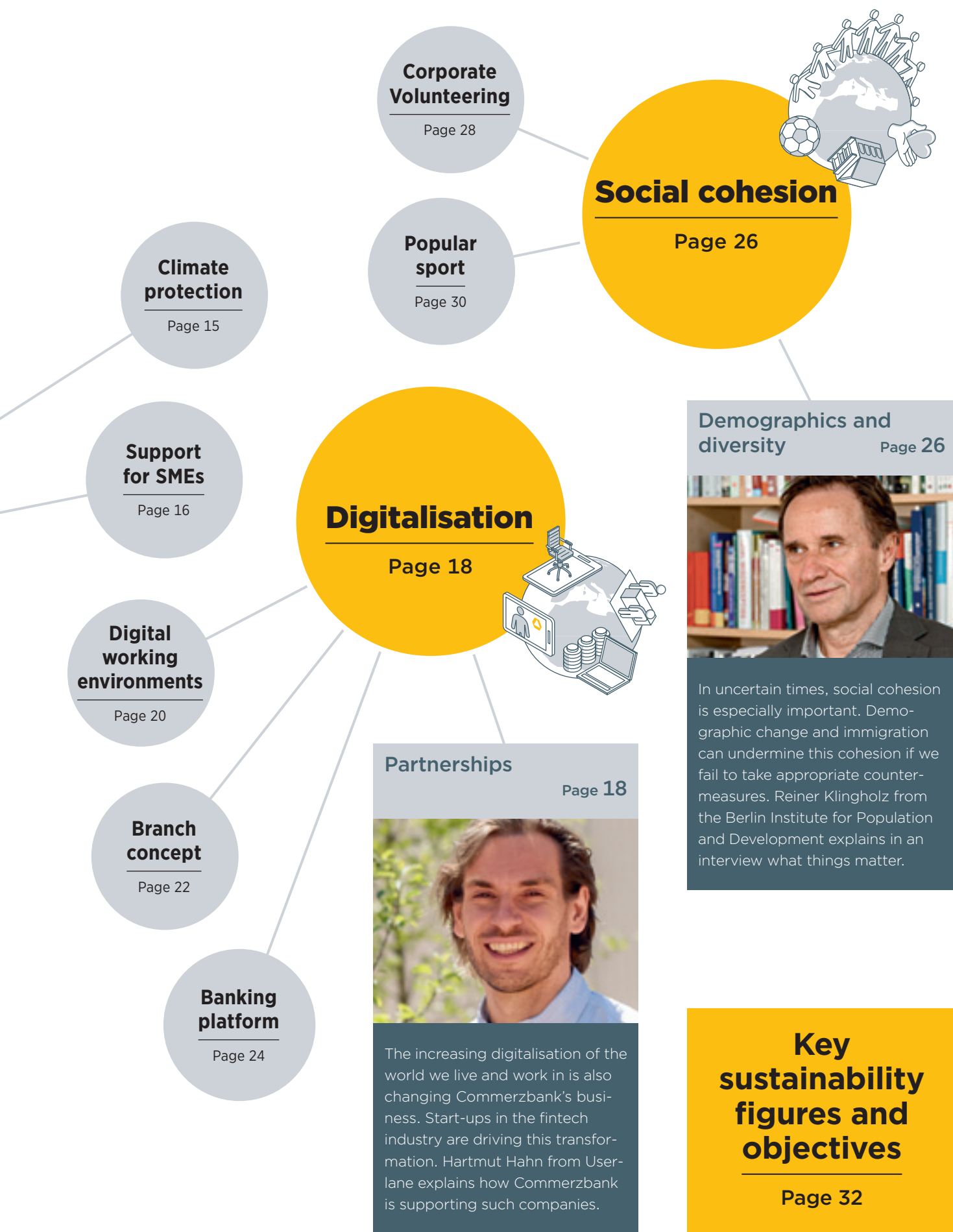
Yours
Martin Zielke

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


How can a bank shape the future?

Globalisation, sustainable development, digitalisation and social cohesion represent the major challenges of today. Though efforts are being made to lay the appropriate groundwork, no one knows what the future actually holds in store. One thing is certain, however: only those actors who continually reflect on themselves and question their actions will be able to deal with change.






Demographics and diversity Page 26



In uncertain times, social cohesion is especially important. Demographic change and immigration can undermine this cohesion if we fail to take appropriate countermeasures. Reiner Klingholz from the Berlin Institute for Population and Development explains in an interview what things matter.

Partnerships Page 18



The increasing digitalisation of the world we live and work in is also changing Commerzbank's business. Start-ups in the fintech industry are driving this transformation. Hartmut Hahn from Userlane explains how Commerzbank is supporting such companies.

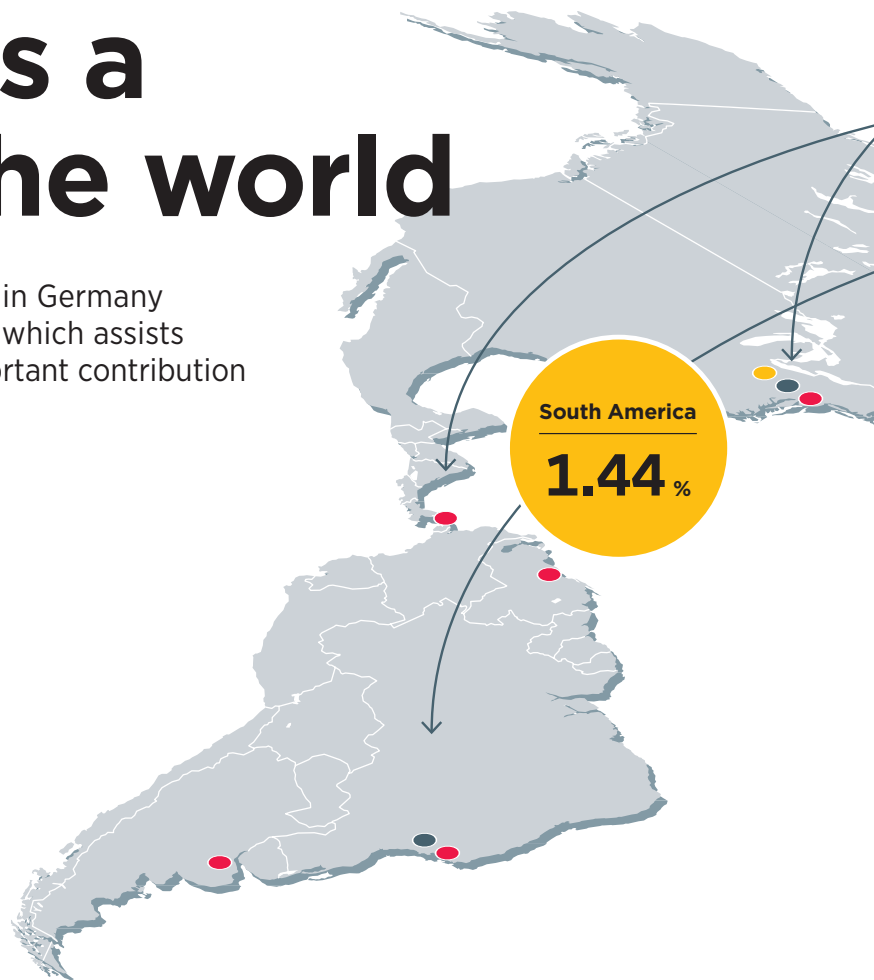
Key sustainability figures and objectives
Page 32

FOREIGN TRADE FINANCING

The Bank as a bridge to the world

Approximately 30 percent of foreign trade in Germany goes through the books at Commerzbank, which assists companies worldwide – and makes an important contribution to sustainability.

In January 2017, the Ifo Institute again named Germany the capital export world champion with a current account surplus of 297 billion US dollars. At the same time, the German Minister of Finance announced buoyant tax revenues of around 289 billion euros. The figures are closely linked, as the reason for these high tax revenues is due not least to the strong position that German companies enjoy in global trade. The Minister of Finance can put these funds to good use, what with the costs of the energy transition, investments in expanding broadband networks and the wish for more day care centres. The revenues can finance much of what will make Germany sustainable – investments that in turn create new value.

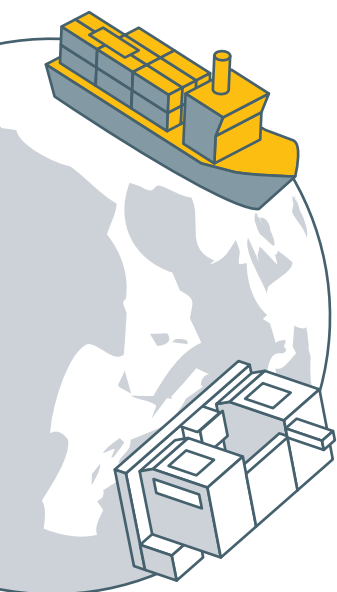


Transformation through trade

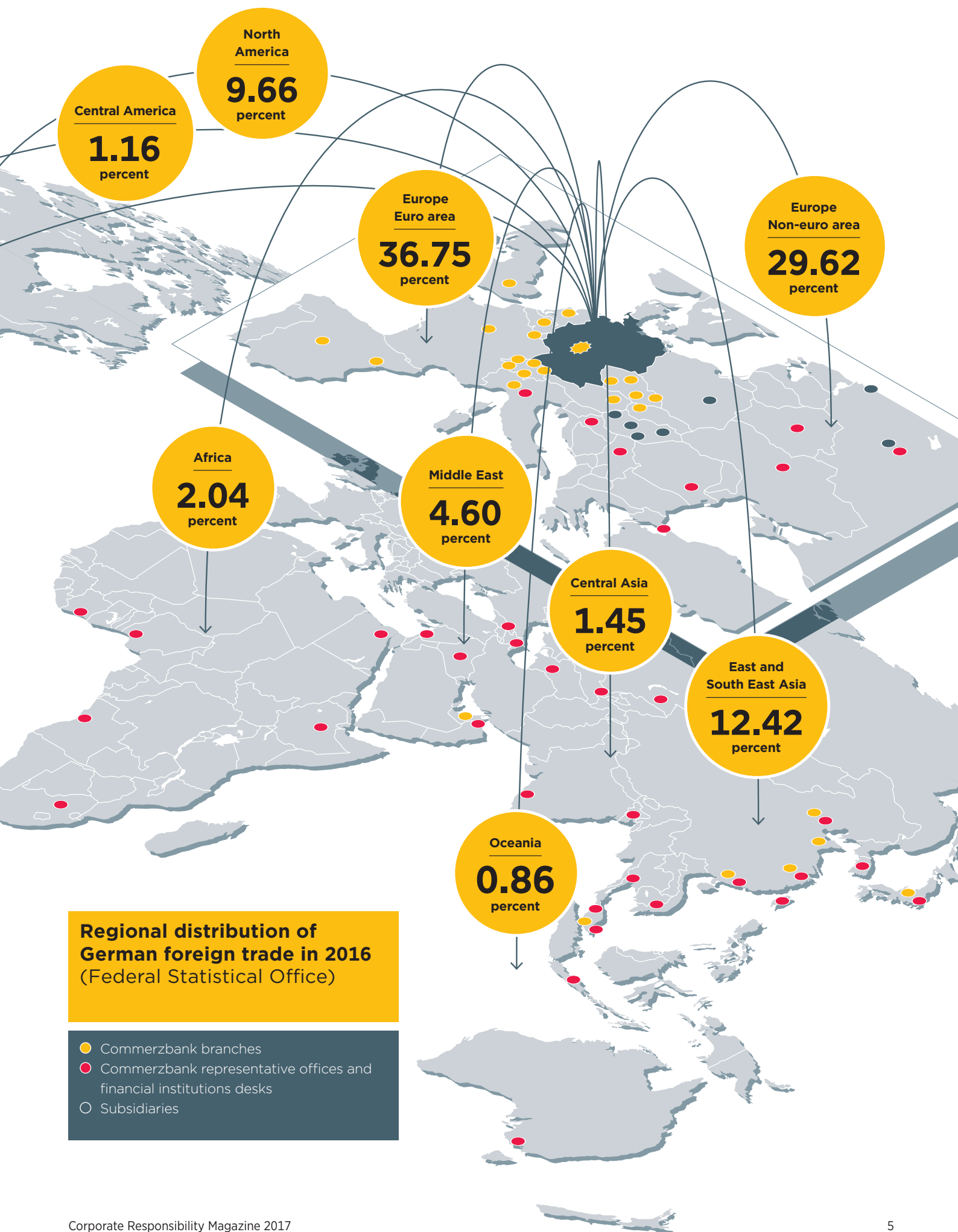
Trade was the driving force behind the establishment of Commerzbank by Hanseatic merchants approximately 150 years ago. Even back then, the focus was on assisting German companies in international trade. Today, Commerzbank plays a key role for the capital export world champion, handling around 30 percent of foreign trade in Germany. This is done through export letters of credit – documents that provide importers and exporters with assurance that ordered goods will be delivered and paid for. At the same time, Commerzbank contributes to transformation initiated through trade. To ensure the global impact of environmental and social standards, Commerzbank has

prepared a number of guidelines and positions on which kinds of deals it will not assist, or which ones it will only assist subject to certain conditions (see page 36).

One example relates to dealings with palm oil, which serves as a base for foodstuffs, cosmetics and energy production, among other things. Commerzbank is a member of the Roundtable on Sustainable Palm Oil (RSPO) and advocates for the sustainable development of the palm oil sector. The Bank assumes responsibility for protecting tropical rainforests, as well as observing the human rights of local residents and plantation workers. The goal is to create a functioning market for sustainable palm oil in the long term.



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



SME EXPORTS

“The time for sustainability will come”

When it comes to export business, SHW Werkzeugmaschinen GmbH from the German segment comprising small- and medium-sized enterprises (Mittelstand) relies on Commerzbank’s wealth of expertise.

Congratulations on the order from China, Mr Hühn! How did you land it?

CHRISTIAN HÜHN: Good products, good trade representation in China and a good bank! We are only a small Mittelstand company, but we export our high-quality machine tools to 45 countries worldwide. Technically, we export our products using an export letter of credit, which is really important when it comes to an order like the one from China worth over 16 million euros. In the mechanical engineering sector, the 30-60-10 rule is customary. This means that after we sign the contract, we receive an advance of 30 percent, which is ensured in Germany through an advance payment guarantee and by a guarantee in the other country. The remaining 70 percent, meaning the value of the order less the advance payment, is ensured through an export letter of credit. The delivery instalment



CHRISTIAN HÜHN has worked as a corporate customer advisor at Commerzbank and at Landesbank Baden-Württemberg, among other positions. In 2006, he invested in SHW Werkzeugmaschinen GmbH. Following a management buyout, he became Managing Director of the company effective 1 January 2008. He shares this role with Anton Müller.

accounts for 60 percent of this, which is due when the customer comes to the plant for preliminary acceptance of the machine. We then declare that the machine is ready for delivery. Once the machine has arrived in the destination country, the client usually wants a guarantee to ensure the warranty. Most of the time, this is 10 percent of the order value, which is due after final acceptance on the ground. In the other country, an export letter of credit is used to ensure the last 60 or 70 percent. Commerzbank assists with all of these steps in the project.

What exactly does Commerzbank do for you?

HÜHN: Our corporate customer advisor is a true specialist and expert on the matter and has many years of experience. We run through the delivery scenario with him and discuss the necessary documents. Because we lack the in-house technical expertise, we also have an agency agreement with Commerzbank, which means that the Bank prepares the right letter-of-credit documents for us. The devil is in the details when it comes to export financing: How does the LC (letter of credit) need to be set up? Where is the LC made payable so that we can access our money better? I think Commerzbank is really strong when it comes to handling these matters.

Do sustainability concerns play a role in your business?

HÜHN: I believe that compared to our competitors, you could call us the global market leader in terms of energy efficiency for machine tools. We have

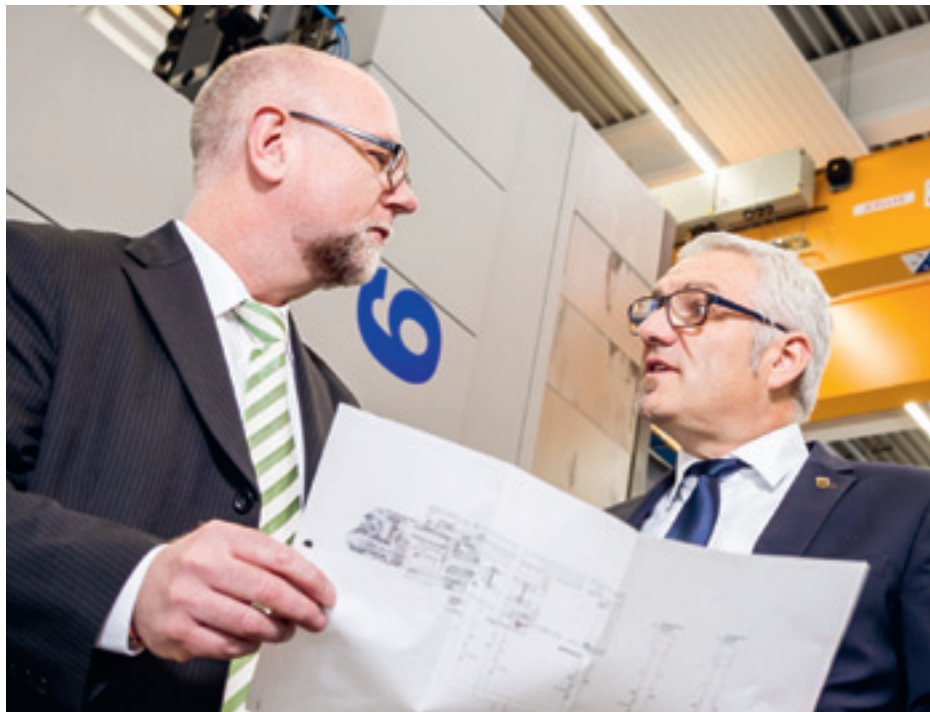
proved that with our machinery, our energy costs are up to 27 percent lower than those of competitors. We received the Nortec Sustainability Award for this in 2012. However, energy efficiency unfortunately still plays a limited role in terms of procurement. Clients are primarily interested in the price of the product. Buyers show too little interest in the total cost of ownership, meaning the total cost of an investment with respect to the service life of the capital good in question, including energy consumption, maintenance costs, etc. Sustainability is more or less assumed, but not reflected in the price. But the time will come.

How important is sustainability in your everyday business practices?

HÜHN: It is a key part of our corporate philosophy, a drive that comes from within. Saving energy is important, whether in building technology, lighting



Hidden champion from Swabia



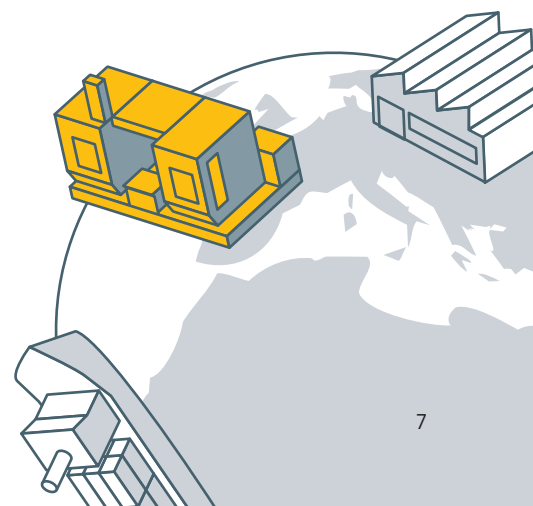
SHW Werkzeugmaschinen GmbH traces its roots back to Schwäbische Hüttenwerke [Swabian smelter works] established in 1365. Beginning in the 1920s, it was half-owned by Gutehoffnungshütte (GHH) and the federal state of Baden-Württemberg. MAN AG acquired GHH's 50 percent stake in 1986. In 1996, the former SHW GmbH was divided into five business units, which gradually became independent. This led to the creation of SHW Werkzeugmaschinen GmbH in Aalen-Wasseralfingen. The company generated sales of 60 million euros in 2016 with almost 300 employees. The machines designed for use in many industries are exported to 45 countries worldwide. The company is managed by Christian Hühn (left) and Anton Müller (right).

or something else. We operate a gas-based cogeneration unit and photovoltaic system. As a result, we generate 70 percent of the power we need ourselves. This energy efficiency philosophy is ultimately reflected in our products as well. For example, we dispense with hydraulic systems, because they are constant energy thieves. Energy that I don't use, I don't need to generate or purchase.

Where do you see your company in ten years, and how can Commerzbank help you get there?

HÜHN: Historically speaking, in the mechanical engineering sector, mechanics were the primary focus. Focus then shifted to electrics. In the future, software will be the primary concern. I think that we will become even more of a service provider than we already are in our clients' manufacturing processes. This means that we will develop integrated concepts – from feasibility and time studies to a complete simulation of processes for ensuring economic efficiency – based on the client's tasks. Linked to this is the question of whether we want to remain in a niche with the size of our company or expand into new areas, and if so, not doing it organically, but rather through acquisitions. In such cases, it would be nice if the Bank had mezzanine products, since we as a small Mittelstand company don't have traditional access to the capital market. That would also be one way for banks to compensate for a lack of margins in the lending

business in the low interest environment. In the end, a partnership between a company and a bank always proves itself when the going gets tough. I expect in such a case that Commerzbank will prove to be a stable partner at our side.





DIFFICULT DEALINGS

Pulling out is not a solution

Bangladesh shows how difficult it can be to do business responsibly. But pulling out of problematic regions like this is not a solution. One perspective by Alexander Rost.

In April 2013, the collapse of the Rana Plaza building in Bangladesh sparked international outcry. Although this was not the first incident of its kind, many people were evidently unaware of the conditions in the textile industry there. Fire protection and building safety are priorities for exceedingly few companies

in this country, which ranked 146 out of 176 at the time on Transparency International's Corruption Perceptions Index.

And the Western labels that workers here produce garments for are not only far away, but also seldom the direct clients. Indeed, Bangladesh is a difficult country if you want to do business responsibly. But thanks to its economic development, the country has made progress. As a result, many people have managed to escape poverty, and the supply of water, energy and food has grown more secure.

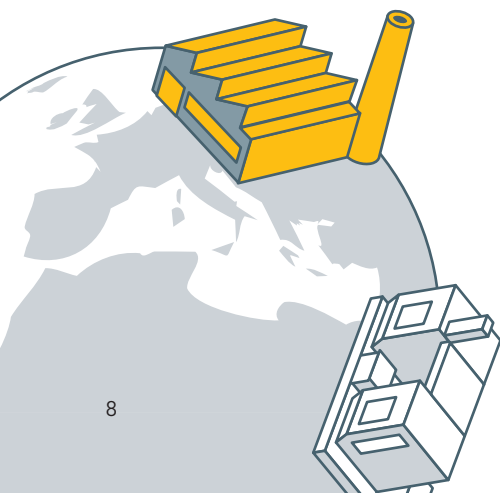
we can better help the people of Bangladesh by continuing to do business there and affording them the opportunity to find a job with a reliable employer. We bear responsibility for environmentally and socially compatible financing of foreign trade. That is our ambition, even in problematic regions.



Alexander Rost is Regional Head Indian Subcontinent & ASEAN at Commerzbank AG.

Business helps the people

Many civil society organisations criticise banks from the West for doing business in Bangladesh. These organisations accuse the financial institutions of playing a role in reinforcing social disparity. However, we don't think pulling out is a solution. At Commerzbank, we believe



COUNTRY REPORTS AND STUDIES

Know what is going on in the world



Commerzbank strives to be “the bank at your side” for its customers and clients, wherever they operate. Customers and clients can rely on the country-specific knowledge of our employees. Some 250 country experts work at Commerzbank Financial Institutions, for example, and more than 160 of these experts are located outside of Germany. This division periodically publishes market studies on issues that impact our customers and clients, and on certain countries or economic areas.

SUSTAINABLE TRADE

“The five drivers of sustainable trade”, according to the title of a study by Commerzbank and Oxford Analytica, are: 1. Regulatory competition and protectionism – relevant in Europe, but increasingly in other places, too. 2. Changes in global demand patterns – sustainability plays a role for consumers, but with differences between industrialised countries and emerging markets. 3. Supply chain trends – many supply chains do not incorporate social and environmental considerations. 4. Strategic alliances, standards and labels – they require substance and dialogue from companies. 5. Innovative financial sector and the role of banks – risk management increasingly includes sustainability issues.



COUNTRY STUDY: BANGLADESH

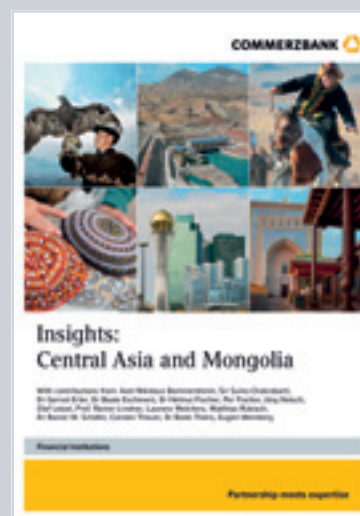
Bangladesh’s role as a trade centre will continue to grow in future – and not only with regard to the textile industry. In the past ten years, the country’s economic growth has consistently been around 6 percent. One element of Bangladesh’s major prospects for the future relates to demographics: more than half of the country’s population is under the age of 25.

In the study “Insights: Bangladesh”, experts from various fields provide their views on the challenges and opportunities concerning the country’s development. The study examines sustainability, economic forecasts, companies’ experience and the important role that banks play in establishing and expanding business there.



COUNTRY STUDY: CENTRAL ASIA/MONGOLIA

Even if Central Asia’s truly grand boom years are over for the time being, the region still harbours great potential. Thanks to their geographic location between Russia and China, the countries of Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan and Mongolia have made up a lot of ground in terms of development when seen from the perspective of the industrialised world. Commodities, such as natural gas, gold and copper, as well as the cotton industry are extremely important to economic development. However, the countries need to and will achieve even greater diversification in order to safeguard prosperity in the long term – and this offers opportunities for German companies.



 MORE INFORMATION ON COMMERZBANK STUDIES IS AVAILABLE AT WWW.COMMERZBANK.COM > INSTITUTIONS > FI TOPIC > INSIGHTS

SUSTAINABLE DEVELOPMENT GOALS

“The private sector has a key role to play”

The United Nations hopes to generate momentum for international efforts to achieve sustainable development through the Sustainable Development Goals (SDGs) that it adopted in 2015. Sustainability expert Georg Kell explains in this interview how the financial sector can contribute to the SDGs.

The Sustainable Development Goals are directed primarily at countries and less at companies. What can the business world do to help implement the SDGs?

GEORG KELL: The international community naturally needs to agree on the major goals, but from the outset, the private sector was a driving force behind the development of the SDGs. After all, what's at stake are basic values such as openness and respect, and how to facilitate trade, investments and the free

exchange of information based on those values. Due to some dark clouds gathering on the political horizon, companies have an especially important role to play now more than ever. We need policies that enable markets to flourish. Whether we are talking about climate change or water use, everywhere you look the SDGs are a motivating factor for the common search for solutions.

What is your view on the role of the financial sector and its responsibility?

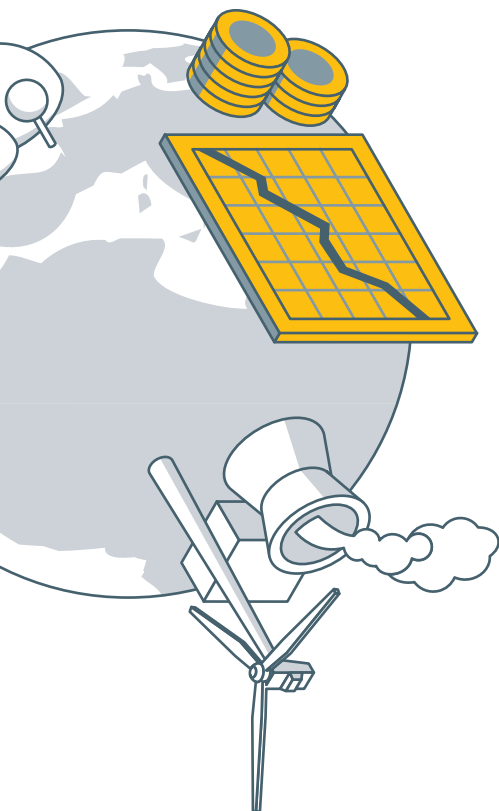
KELL: After years of scepticism, it's been apparent for two or three years now that the financial world is dealing more consciously with sustainability. Some financial companies have even moved over to the fast track or are in the process of doing so. Not all too long ago, banks regarded sustainability issues as highly abstract and rather morally motivated. However, now that sustainability information is becoming more and more quantifiable, the financial community is increasingly recognising that sustainability is absolutely an important matter that harbours opportunities for growth. The measurability of non-financial indicators when assessing opportunities and risks can now really drive this movement forward. As a result, it will be possible to increasingly direct capital flows into those areas that benefit sustainability.

What triggered this movement?

KELL: I see three megatrends. The first one is information and transparency. Using these tools, we are now able to prove the economic benefits of sustainable behaviour, for example with regard to water management. The second one is that social attitudes towards the use of natural resources have changed dramatically in the last 10 to 15 years. Public goods, such as air and water, are now seen as valuable. The link between clean water or air quality and matters of health or quality of life is growing more apparent. And the third megatrend relates to those changes that many markets and societies are subject to. Consumers are changing and demanding greater customer focus as well as opportunities for individuals to make their own choices. Issues of sustainability also matter in this process, because they speak to many peoples' attitude towards life and a sense of appreciation.

Which of the 17 SDGs are especially relevant to the financial community?

KELL: Major issues for the financial sector particularly include energy, cities, infrastructure and climate change. A lot of action is already being taken to address these concerns, but we will continue to see great need for financing in order to put new solutions into practice.





in the global field. Many of these SMEs definitely grasp that sustainability is a competitive advantage. Business and economic trends such as the circular economy and the increasing decentralisation of energy supply are phenomenal. The financial community can also support these strengths. In my view, doing so represents a tremendous opportunity to restore trust and gain an economic foothold. In the process, it is necessary to recall and return to the country's original strengths, because Germany is perfectly positioned.



GEORG KELL is a co-founder of the Global Compact and served as its Executive Director from 2000 to 2014. The Global Compact is a United Nations network for companies and businesses. He currently serves as Vice Chairman of the German-British investment firm Arabesque Partners, which specialises in sustainable investing as based on a proprietary research approach.

Isn't it also possible to implement the goals within the companies themselves?

KELL: Absolutely. The SDGs represent first and foremost a joint roadmap or blueprint for the positive development of humanity. Many goals are well suited to use in companies' in-house efforts. Companies should take a close look at the SDGs and identify those goals where they could make the greatest impact or which fit well with the business model. For example, education and gender equality are key issues that every company can improve on.

In your view, are there certain bank-specific tools for advancing sustainability goals?

KELL: I think there are two major trends in this area. One is a topical focus, specifically the impact investment movement. As part of this movement, loans

and investments have to have demonstrable social or environmental benefits. We are seeing a lot of action on this at the moment. The other trend is the systematic integration of environmental, social and governance criteria into all investment decisions taken by a financial institution. These integration efforts are already well under way, and I think the movement is on the verge of a breakthrough. The two movements are complementary. The first one is project- or topic-specific, while the second one is systemic and aims to have an overall positive impact on markets.

How do you rate the performance of German companies?

KELL: Germany's actual strength when it comes to sustainability issues is in engineering. It's a national economic strength that Germany, with its large number of SMEs, knows how to exploit

 MORE INFORMATION ABOUT SDGS AT COMMERZBANK IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.DE>SUSTAINABILITY STANDARDS>MEMBERSHIPS AND INITIATIVES>SUSTAINABLE DEVELOPMENT GOALS](https://www.commerzbank.de/sustainability/standards/memberships-and-initiatives/sustainable-development-goals)

SUSTAINABLE FINANCE

A committee for the transformation

Since the beginning of 2017, Commerzbank’s Sustainable Finance Committee has been linking all areas at the Bank that specifically contribute to sustainable development.

If sustainability were limited to just environmental protection, the opportunities available to banks to influence sustainability could be quickly explained: investment departments create financing options for renewable energy projects, for example, and an environmental team focused on business operations oversees in-house energy and paper consumption. These things are in fact part of banks’ sustainability management systems. However, a modern understanding of sustainability in the financial sector includes many more issues and areas, both direct and indirect, where banks either do or can have an impact through their business activities.

Climate change is one example. In order to reduce CO₂ emissions, financial institutions can dispense with investments in coal-fired power plants (see page 15), or they can expand financing for renewable energy (see page 13), promote energy-efficiency projects (see pages 16-17) and include climate considerations in investment products (see page 14). By doing so, banks can contribute to the United Nations climate agreement. Similarly, financial institutions have an impact on a variety of

sustainability issues, ranging from observing human rights and protecting biodiversity to charitable commitment.

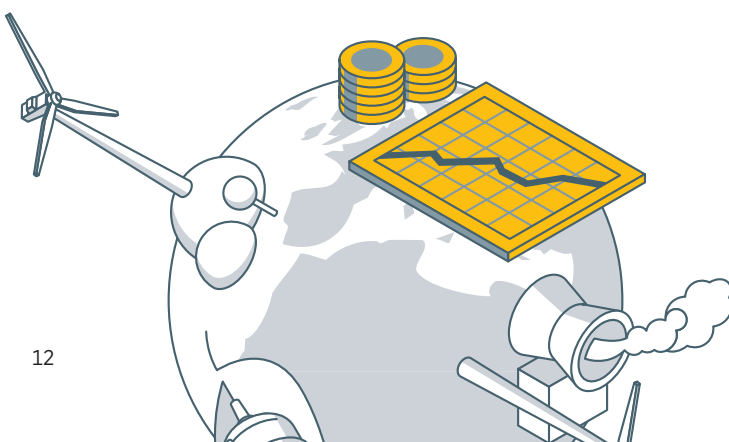
Commerzbank’s cross-divisional Sustainable Finance Committee, which met for the first time in February 2017, compiles such ideas and uses them to come up with solutions for customers and clients. The focus of the approximately 25 members extends across a wide spectrum of clients and issues. For corporate clients, this includes green bonds, renewable energy financing, energy-efficiency measures, emissions trading and sustainable asset management. In retail banking, it means offering sustainable mutual funds or KfW advice. The focus even covers reputational risk

management, which plays a role in reducing environmental and social risks from financing activities. The liaison offices in Berlin and Brussels are also linked in order to support sustainable finance initiatives at the political level.

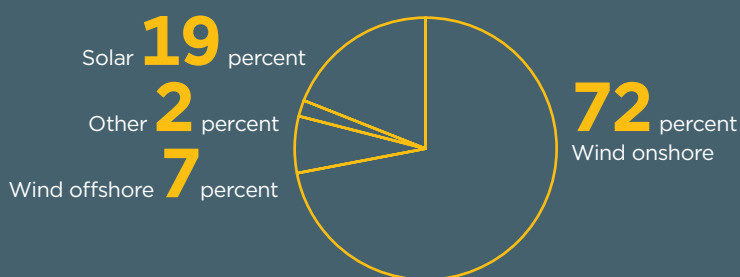
Commerzbank thereby aims to contribute to achieving the Sustainable Development Goals adopted by the United Nations in 2015, to the German Climate Action Plan and the Paris Climate Accord. By establishing the committee, the Bank has laid the foundation for more strategically shaping its role in implementing global sustainability goals and sparking product-related innovations featuring environmental and social benefits.

“Sustainable finance is one of the major issues of the future that comes with particular challenges, but above all also growth opportunities for Commerzbank.”

Rüdiger Senft, Head of Corporate Responsibility



FINANCING OF RENEWABLE ENERGY PROJECTS BY TECHNOLOGY 2016



GREEN PROJECTS

Money for green energy

Commerzbank is one of the largest financial backers of renewable energy in Germany. Through green bonds, which have a sustainable focus, the Bank is generating additional tailwind in the industry.

Commerzbank is well versed when it comes to renewable energy. Its expertise is based on more than 25 years of experience in financing energy generation projects focused on wind, the sun and other renewable energy sources. Since 2003, Commerzbank has had its own Energy Centre of Competence (CoC Energy). As a result, the Bank is one of the largest financial backers of renewable energy in Germany. It has financed approximately 16 percent of the total wind power generated in Germany, for example. CoC Energy's core business, namely the financing of wind farms and solar parks, recorded an order volume of around 600 million euros in 2016. At the end of 2016, CoC Energy's loan portfolio totalled approximately 5 billion euros.

CoC Energy is an in-house service provider for a number of specialised departments and subsidiaries. For example, with its support, Commerz Real purchased two wind farms in Brandenburg for 105 million euros in January 2017. The fund now includes a total of 15 wind turbines in the Dahme-Spreewald district located south-east of Berlin. In addition to wind power, Commerz Real also invests in solar parks. It is one of the largest asset managers for solar plants with a peak financed output of 385 megawatts.

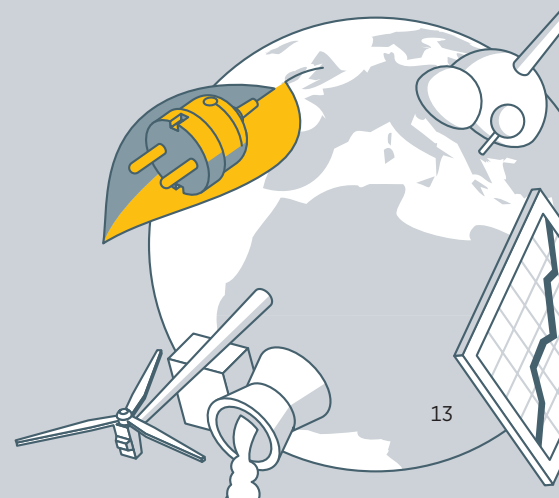
“In the early days, green bonds were issued in small volumes by a handful of supranational issuers and development banks. Now they are no longer a niche product. Instead, they represent a major market for dedicated issuers who want to underscore sustainability on capital markets as well.”

Mirko Gerhold,
responsible for the issuance of green and social bonds
in the corporate client segment

Momentum for green bonds

In recent years, Commerzbank has also acted as lead manager for numerous green bonds, providing issuers with support in preparing and structuring relevant transactions and placing them on international capital markets. The proceeds from green bonds go towards financing or refinancing projects with a clear sustainability focus, including projects related to renewable energy, sustainable waste management, energy efficiency and clean mobility solutions. In 2016, Commerzbank assisted five issuers in placing relevant transactions on the capital market. The total volume of these bonds stood at nearly 5.2 billion

euros. As a member of the Green Bond Principles, which is an organisation that has established guidelines for issuing green bonds, Commerzbank has been involved in efforts to further develop this market segment since 2014.



SUSTAINABILITY FUND

Sustainable investments made easy

While it has been designed to meet the investment needs of churches and church-goers, Commerzbank's Global Stocks Catholic Values fund provides an investment approach that speaks across denominational boundaries.

The fund "Commerzbank Globale Aktien – Katholische Werte" is the first sustainable investment set up in-house. In recent years, the Bank has created hardly any actively managed mutual funds; sustainability funds were primarily sold, but not developed by Commerzbank itself. This special fund has been designed to meet the investment needs of Catholic institutions, though it is geared towards all investors who are interested in sustainable investments.

The fund is based on the MSCI World Index, which includes more than 1,600 stocks from 23 countries. Based on MSCI sustainability criteria, the number of stocks was reduced to some 750 stock

corporations eligible for investment. The selection meets the specifications of the German Bishops' Conference. Companies from critical segments are excluded. MSCI continually reviews the composition of the index according to certain sustainability criteria and modifies it as necessary. As a result, current events are always reflected in the fund. The Commerzbank Asset Management team specifically selects stocks from this pool with a below-average risk, an attractive valuation as well as a high dividend yield.

Awarded the FNG label

The fund received the FNG label 2017 with one star. Forum Nachhaltige Geldanlagen e. V. (FNG) is an industry association of investors, rating agencies and other experts from Germany, Austria and Switzerland. The label represents a quality standard with respect to transparency and sustainability performance.

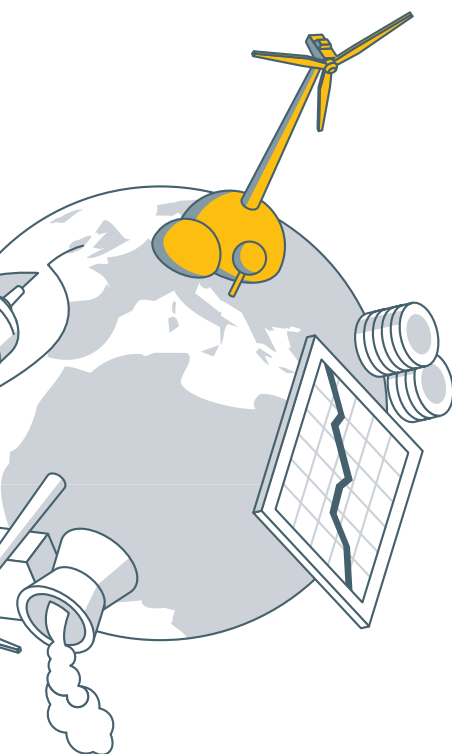
A total of 38 investment funds, 10 of them in Germany, received the FNG label in 2017. The "Katholische Werte" fund (sec. ID: CDF2RK, ISIN: LU1256228872) was created in September 2015. In early 2017, it already ranked among the highest-volume mutual funds in the church segment.

The FNG label

Forum Nachhaltige Geldanlagen e. V. developed the FNG label for sustainable mutual funds in collaboration with financial experts and actors from civil society. It is awarded on an annual basis, and it can come with no stars or have up to three stars. A range of minimum requirements and special services are among the criteria, which stipulate, for example, that the investment company must be a signatory to the Transparency Code of the European association for sustainable investments Eurosif and demonstrate that the fund analyses the companies its finances with regard to all three sustainability aspects: environmental issues, social issues and good corporate governance. Companies the fund invests in may be excluded if they violate the principles of the UN Global Compact or if they become active in nuclear energy or internationally shunned/banned weapons systems.



audited by Novethic



MORE INFORMATION ABOUT THIS FUND IS AVAILABLE (IN GERMAN ONLY) AT
WWW.AM.COMMERZBANK.DE > AKTIVES ASSET MANAGEMENTPUBLIKUMSFONDS
 > GLOBALE AKTIEN > KATHOLISCHE WERTE

CLIMATE PROTECTION

Getting heated up over coal

To meet the challenges of climate protection, the use of fossil fuels such as coal needs to become a thing of the past as quickly as possible. Commerzbank has set clear standards for itself in its new coal guideline with the aim of helping make this a reality.

Key cornerstones of climate policy were set in Paris in December 2015 when the member states of the United Nations (therefore including Germany) agreed on the long-term goal of phasing out the use of fossil fuels, such as coal, oil and gas, because the CO₂ emissions released during the combustion process of these commodities are largely responsible for climate change.

Commerzbank supports this agreement with its climate strategy adopted back in 2008 for reducing the Bank's own CO₂ emissions by 70 percent by 2020, among other measures. The coal guideline agreed on by the full Board of Managing Directors and which took effect in August 2016 underscores the sustainability approach that Commerzbank uses in its core business.

Support for the energy transition

With its new guideline, Commerzbank completely and systematically rules out financing the construction of new coal-fired power plants and coal mines. This rule applies worldwide. At the same time, the guideline regulates which coal deals the Bank will still finance – and which ones it will not. Commerzbank will continue to assist clients from the energy sector in coping with the specific challenges they face as a result of the German energy transition. With a transitional period of five years, the Bank is signalling the necessity of this strategic change to its clients, while acting as a steadfast partner to them.

Coal-related loan requests are handled by in-house experts on the management of environmental and social risks. They use various positions and direc-

tives, including some that relate to climate protection, to assess a wide range of potentially controversial issues.

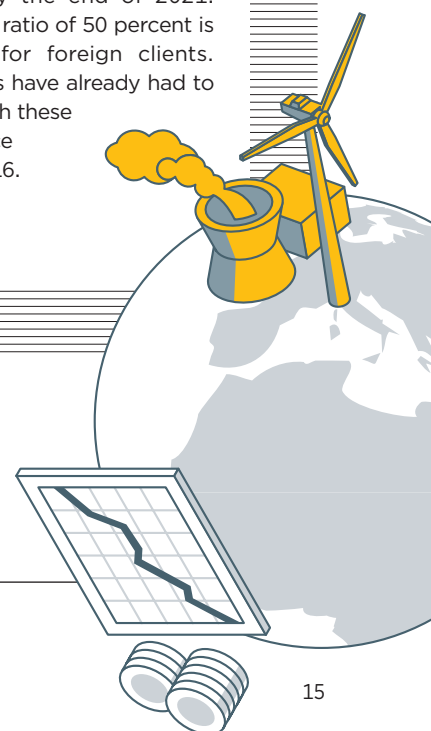
No money for new coal-fired power plants

Commerzbank's new coal guideline focuses on the key elements of the process chain, from coal extraction to coal-fired electricity generation at power plants, and it applies worldwide. The guideline is divided into four areas: coal production, infrastructure projects, coal-fired power plants and energy suppliers. New coal mine projects are excluded from the possibility of financing for new coal production projects, as is the controversial mining method known as mountaintop removal, which exposes coal deposits by removing the tops of mountains. If the construction or expansion of rail networks or ports of loading is necessary for the procurement of coal, the Bank will provide financing for such infrastructure

projects only after carefully considering environmental and social risks. The Bank no longer provides financing for new coal-fired power plants. Modernisation projects are reviewed on a case-by-case basis, which may result in the rejection of a transaction. Commerzbank expects existing German clients from the energy sector to reduce the share of electricity generated from coal – based on their production capacity – to below 30 percent by the end of 2021. Similarly, a ratio of 50 percent is expected for foreign clients. New clients have already had to comply with these figures since August 2016.



MORE INFORMATION ABOUT COMMERZBANK'S POSITIONS AND DIRECTIVES IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.DE>SUSTAINABILITY STANDARDS>POSITIONS & DIRECTIVES](https://www.commerzbank.de/sustainability/standards/positions-and-directives)





SUPPORT FOR SMES

Energy efficiency is the new savings account

Protecting the climate is not the only benefit of investing in energy efficiency. Financial experts at Commerzbank help their SME clients so that investments in energy efficiency pay off faster.

When the utilisation rate of the AEB data centre goes up, it is not only good for business, but it also lowers heating costs. Thanks are due to the energy concept at the new data centre of the international provider of software and IT services for foreign trade and logistics. Waste heat from the supercomputers is funnelled into the heating system of the new corporate headquarters in Stuttgart, where it reduces the amount of heat energy needed. In addition, the new office building harnesses sunlight to generate electricity and uses the temperature difference between night and day for cooling purposes.

The financing concept, which was developed jointly with funding specialists from Commerzbank, ensures that the investment will pay off quickly. For example, the new corporate headquarters fulfil the criteria of a “KfW Effizienz-

haus 55”; as such, it qualifies for funding from the KfW Energy Efficiency Programme for Energy-Efficient Construction and Refurbishment.

The financing specialists at Commerzbank are extremely familiar with the various public funding schemes. They are able to quickly identify which type of public funding is suitable for which building investments. In this case, low-interest development loans were available for a portion of the total investment of 32 million euros. After presenting the first energy consumption figures for the new building, AEB also benefited from the repayment bonuses from the KfW funding scheme, which made it possible to lower the financing costs once again. The use of the waste heat from the data centre played a crucial role, as it was the only way to achieve the “Effizienzhaus 55” standard.

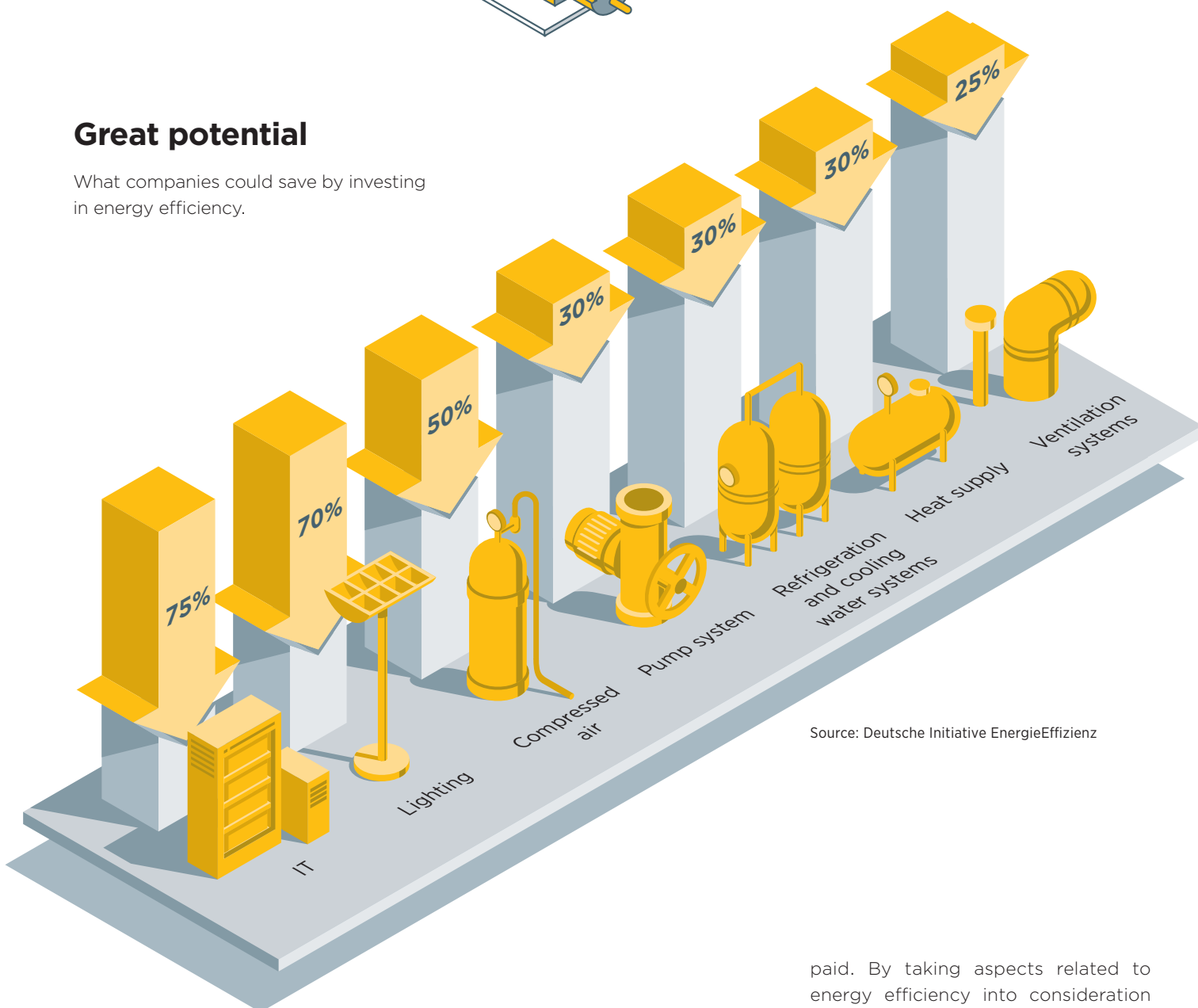
Sustainability as part of the financing solution

Word is spreading that energy efficiency measures have the potential to be a kind of new savings account for SME clients. Commerzbank has been a specialist for years on the use of public funds for sustainability aims and actively points out the existing programmes and their benefits to clients. In addition to the KfW as the development bank for the Federal Republic of Germany, the most important partners also include German federal state development banks (Landesförderinstitute) and the European Investment Bank (EIB) as the bank of the European Union.

Calculated decisions: Both Germany and the EU have ambitious climate targets, which is why they are funding investments in renewable energy and energy efficiency in order to lower CO₂

Great potential

What companies could save by investing in energy efficiency.



Source: Deutsche Initiative EnergieEffizienz

emissions. The AEB project alone saves some 265,000 kg of CO₂ per year.

With a share of more than 10 percent in the KfW's sustainable funding programmes, Commerzbank is one of the leading banks in terms of financing corresponding German SME investments. Commerzbank actively includes sustainability aspects when developing financ-

ing solutions by informing its clients of the benefits of public funding for these investments and by encouraging clients to carry out sustainable projects.

The earlier specialists are involved in the project planning process, the better the opportunities may be to save on energy with only minimal additional effort and expense and to amortise investments more quickly. This can also include repayment bonuses from KfW for certain projects which have been

paid. By taking aspects related to energy efficiency into consideration early on, companies often face hardly any extra cost, though they enjoy benefits in the long term. For example, the repayment bonus in the funding scheme set up by KfW specifically for the use of waste heat can be up to 50 percent.

Even if, as a rule, the implementation of the German energy transition requires larger investments, no company has to muster the resources on its own. Commerzbank's funding advice experts know how to tap into the right funding opportunities.



PARTNERSHIPS

Main incubator, your ideas, our future

By now, probably everyone knows what fintechs are: innovative start-ups that have stepped up to revolutionise banking. Commerzbank thought early on about how it can take part in this development.

Back in 2013, Commerzbank founded “main incubator” as a site for hatching new business models in the financial technology (fintech) segment. Commerzbank was the first major bank in continental Europe to take this step. It was clear that digitalisation will require creative solutions and create new products. Equally clear was the fact that it will not be possible to invent everything on one’s own. On the contrary, such innovation calls for a genuine start-up culture and enthusiasm for digital trends not often found in the towers of major financial institutions.

Partnerships for the future

Today, fintechs and major banks often join forces in strong partnerships, as each side benefits from the other: fintechs benefit from the market access, expertise and stability provided by established banks, while banks benefit from the fresh ideas and products of digital start-ups. Commerzbank values the early access it enjoys through main incubator. “Digitalisation, new competitors, price pressure, modifications to regulatory frameworks and changing customer needs are currently pushing banks to update their business models. Fintech start-ups can help develop the kind of

innovations that we need for this transformation process,” says Christian Hoppe, founder and CEO of main incubator.

Since November 2016, Commerzbank has been invested in Userlane through main incubator. Founder Hartmut Hahn is full of praise: “We benefit tremendously from the partnership and the events there. For one thing, there’s the ‘Between the towers’ event series, where we were able to establish key contacts and gain some recognition in the fintech industry. What’s more, Commerzbank brings its SME clients together with start-ups in an open-space concept, which is of course particularly useful for us.” Not even three months went by between the initial contact and the appointment with the notary. Hartmut Hahn is still amazed: “You always think that it’s a big, slow-moving company, but the whole thing was really fast and lean.”

Capital for growth

The Bank’s fintech strategy is complemented by CommerzVentures, which is a traditional investor founded in 2014. The wholly owned subsidiary provides fintechs that have already developed and created marketable products with capital to finance further growth.



Userlane: Make it simple

The vision shared by the three friends Felix Eichler, Kajetan Uhlig and Hartmut Hahn is as simple as it is captivating: people should be able to use software – without prior knowledge or spending a long time learning how. Running with this idea, they founded the Munich-based start-up Userlane in 2015, which is one of eight investments gathered at Commerzbank's main incubator (as at June 2017). After approximately one year, the team has grown to 20 people who have made great progress towards making software training courses unnecessary while still helping people become faster and smarter. After all, a

lack of knowledge is often the greatest obstacle preventing people from plunging into the digital realm and enjoying its benefits.

Userlane's technology can be used to easily create interactive tours that provide direct support with online applications – whether that support is aimed at customers who need help with online banking, at users of online platforms or at employees facing new software systems. Across the globe, numerous software-as-a-service and e-commerce providers and major international companies are relying on Userlane's software to be equipped to handle the challenges of the digital age.



DIGITAL WORKING ENVIRONMENTS

The new address of Commerzbank 4.0

The new face of the Bank's digital future can be found on Theodor-Heuss-Allee in Frankfurt, where the Digital Campus commenced operations in spring 2017 – an inspiring place for product and process innovation.

An array of movable partitions, colourful post-its and the obligatory football table are the perfect recipe for a creative atmosphere at Commerzbank's Digital Campus. Seating nooks, meeting zones, standing tables and workspaces spread out here over 10,600 square metres. Commerzbank will invest some 700 million euros in the digital transformation annually until 2020 in order to guide its business into the future. Plans call for approximately 80 percent of the related banking processes to be optimised and digitalised by that time. The price tag for creating new "thinking spaces" where the digital future will be mapped and planned is almost paltry by comparison.

The Digital Campus as a blueprint

Headcount at the Digital Campus initially stood at around 300 Commerzbank employees, though plans call for up to 1,000. Technical experts from a wide range of fields and IT specialists

team up to define the key issues, divide the process of developing solutions into intermediate stages and come up with swift suggestions for these solutions in "sprints". The suggestions then undergo testing. Agile project management is the name of this method that uncovers dead ends early on and lowers the risk of bad investments. Those solutions that prove their worth at the Digital Campus are meant to be applied to other areas at the Bank. It is just one

element of the Commerzbank 4.0 strategy that aims to future-proof the Bank. Jörg Hessenmüller, Divisional Board Member Group Development & Strategy, helped craft the strategy. "We want to become more straightforward, faster and better for our clients. In addition, we want to create better products, higher quality and more efficient processes – and all with a faster pace of implementation than before," he says, explaining the strategy's thrust.

"Just digitalising our current business models is not enough. Every other bank is doing the same. Not only do we have to become faster and adapt, we also have to grow by cultivating ideas. If we do that, then we'll accomplish something meaningful with digitalisation."

Lars Friedrich, Head of Corporate Strategy

DIGITAL FACTS

Two-thirds

of people under the age of 40 now use digital channels for banking – and the trend is rising. The consulting firm McKinsey estimates that in 2020, up to 65 percent of the revenue in the private customers segment will be generated digitally.



“We want to provide employees with modern IT communication technology that many of them are already familiar with from their personal lives. Doing so will make jobs at the Bank more attractive and lead to new forms of collaboration across different locations, divisions and levels of hierarchy. As a result, we will make the Bank faster, more innovative and competitive.”

Stephan Müller, Divisional Board Member GS-IT responsible for the Connected project

Embracing the working environment of tomorrow

The working environment of tomorrow is embodied by the design of the space at the Digital Campus: workspaces are configured as part an open concept, but unlike an open-plan office, there are various places where employees can retreat to for more privacy, for meetings, for creative undertakings and other work. Every employee can decide which workspace best suits him or her for the task they currently have to perform. Meeting zones promote agile working methods in teams. Ergonomic office chairs, height-adjustable desks and an acoustic concept that absorbs noise all enhance employees' sense of well-being and health.

The Connected project helps with the overall objectives of the workspace: new technologies for communication and collaboration provide for faster, more streamlined processes at the Bank. The core of Connected consists of

the programmes Jabber and Webex, which facilitate chats, desktop sharing, videoconferencing and other digital forms of communication. All workspaces at Commerzbank across the globe are scheduled to be equipped with the new software and hardware by the end of 2018. Connected is still currently in the pilot phase. Six locations in Germany as well as the London offices with approximately 5,300 employees are taking part in the tests.

Restructuring for the future

The Bank's evolution into Commerzbank 4.0, geared towards a systematic process of digitalisation, goes hand in hand with efforts to focus on core business. The Bank will look different in 2020 than it does today. In total, some 7,300 jobs will be left redundant across all divisions and levels of hierarchy, even if new skills and expertise are going to be developed in some areas. Commerzbank is going to great lengths to provide employees

with the qualifications they need for the new digital age, but not everyone will be able to come along. The Board of Managing Directors promises that in terms of all the changes that occur, Commerzbank will deal fairly and responsibly with those employees who are affected, it will downsize in a socially responsible manner and it will work together with the Central Works Council in a spirit of cooperation.





BRANCH CONCEPT

Customers also want branches

Bucking the trend: While other banks are closing branches or establishing self-service ATM-based branches instead, Commerzbank is taking a different route. Customer focus also means personal consultation.

Commerzbank operates around 1,000 branches in Germany alone – and stands decisively apart from the competition as a result. Why? Because many bank branches in Germany have closed in recent years. According to Deutsche Bundesbank, more than 5,000 branches were shuttered between 2011 and 2015. At the same time, the number of ATMs in 2015 set a new record high at just under 58,000. Forecasts project that around 30 million people will be affected by the closing of their bank branch in the years ahead.

While an ATM also represents a service for customers, the increasing digitalisation of banking operations does not meet all customer needs. According to surveys conducted by the Association of German Banks, two-thirds of bank customers want a bank with

branch offices, even in the digital age. At Commerzbank, some 450,000 customers visit a branch every day. This number is a clear indication that customers want someone they can talk to in person for many issues, even in the digital age. In other words, a bank that claims customer focus is a priority also has to offer branches.

Growth strategy with branches

Commerzbank will therefore continue to focus on personal dialogue with its customers, but will leave it up to them to decide if they want to use a branch or digital channels instead – or both, as offered by a modern multichannel bank. Differentiating its range of services with a view to consistent customer focus is a key part of the Bank's growth strategy. Commerzbank believes that 1,000

branches are just right for a financial institution of its size. At the same time, the Bank aims to bring greater speed, flexibility and cost efficiency to the branch network, which is why it is investing in two new branch types: the flagship branch, which will anchor the brand as a distinctive element within the cityscape, and the significantly smaller city branch, which will locally accommodate everyday banking needs and feature a modern design.

“Our strategy provides for various branch types to handle different customer needs,” says Sabine Schmittroth, Divisional Board Member Private and Small-business Customers. “The key thing is ensuring the right range of products and services at the right locations.”



Flagship branch

The **flagship branch** complements the Commerzbank network in high-traffic locations in select major cities. The bright, open interior design creates transparency and fosters dialogue with customers. It features half-open and closed areas for consultation, a service deck and a coffee lounge. Media walls and tablets underscore the Bank's digital aspirations. At the flagship branch, private and small business customers as well as wealth management clients can take care of any transactions or receive advice on anything they need.



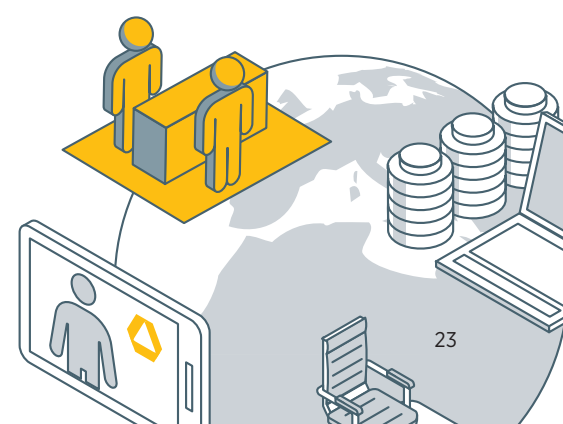
City branch

With its cost-efficient layout for spaces between 65 and 90 square metres, the **city branch** is breaking new ground in the industry. It complements large locations and ensures the Bank's widespread physical presence. The concept also sports a new look that features wood, brick and exposed concrete. As such, the city branch embodies modern banking "to go". Within a relatively compact space, customers find everything they need for daily banking purposes. In total, 95 percent of customer requests are handled at the city branch, while appointments are made at nearby consulting branches for the remaining issues.



The flagship branch in Stuttgart welcomed approximately 3,500 new customers in 2016, which is an average of 14 new customers a day. The positive response by customers is also reflected in an 80 percent increase in their willingness to recommend the branch to oth-

ers, and in a 77 percent increase in customer satisfaction. Plans call for expanding the number of flagship branches to twelve. The four city branches will undergo extensive testing by that time and before a decision is made on expanding their rollout.



BANKING PLATFORM

One for all

ONE is the name of the new user interface that provides an identical view of a bank account – regardless whether a customer him- or herself is active on the online banking site, he or she is being helped on the telephone by a representative at the customer service centre or a relationship manager at a bank branch logs in to the system.

Commerzbank has been transforming step by step into a multichannel bank since 2013. In early 2017, it reached another important milestone with the single standardised user platform called ONE, which is available on all channels and being extended further. As a result, ONE stands for “one face to the customer” – regardless what means the customer chooses. Commerzbank aims to use this customer experience to set itself apart from competitors. As an innovative platform, ONE offers a variety of improved functions across all product areas, including advice on securities. New views for securities accounts on the online banking site also create additional

transparency and provide customers with personalised notices about action they need to take for their securities accounts. ONE therefore makes investing easy and accessible even to less well-versed groups of customers.

Ideas from the Customer Advisory Council were also included during the development of the online platform ONE. The Customer Advisory Council consists of 25 private, small-business and wealth management customers. It serves as the mouthpiece for bank customers and takes part in regularly occurring workshops, where members develop ideas for products, services and consulting.

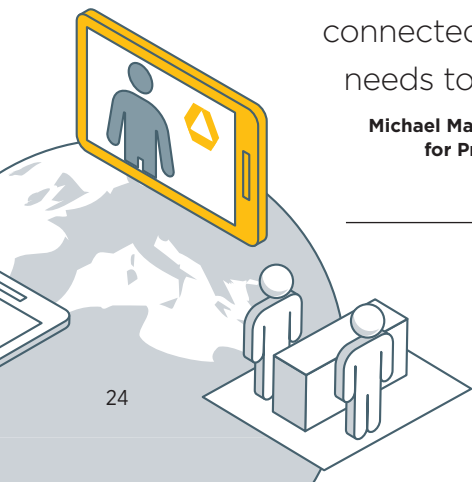


“Many customers want fast, detailed advice about online banking, products or their accounts. In order to provide this, advisors and account managers need to have the same view of the information that customers do when using online banking. ONE has made this a reality.”

Franka Kuchler, Customer Advisory Council Member

“A true multichannel bank doesn’t simply have a lot of access channels. These channels have to be intelligently connected, and the background information needs to be equally available at all times.”

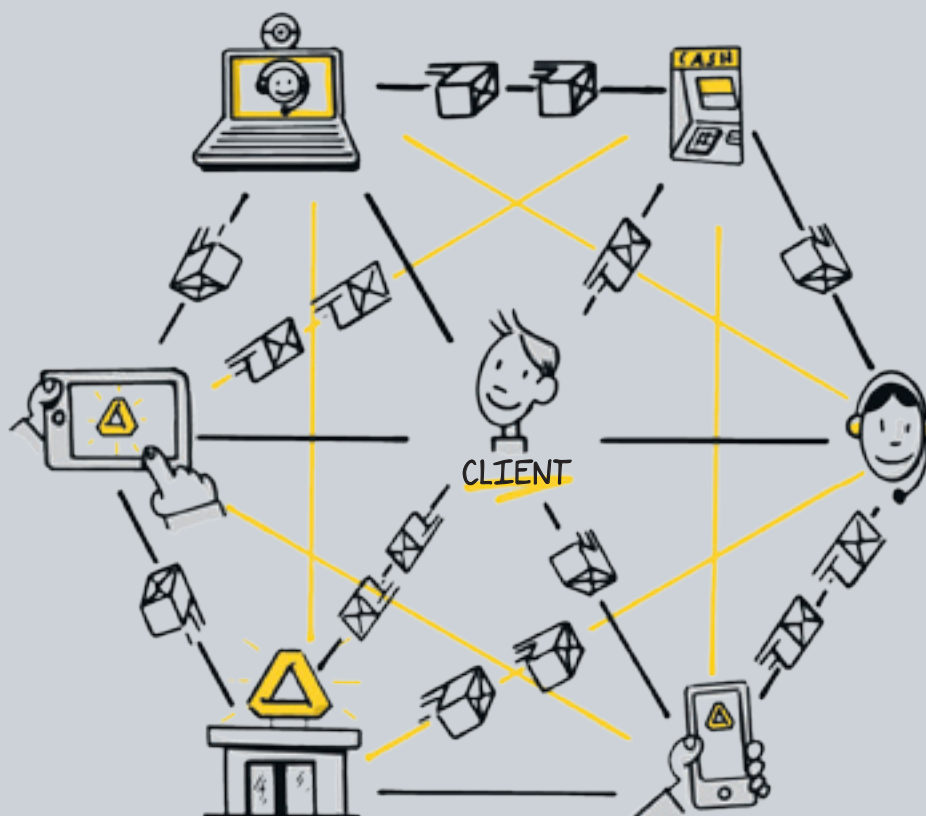
Michael Mandel, Member of the Board of Managing Directors for Private Customers Segment at Commerzbank



Commerzbank: Service and advice on all aspects of money

ONLINE BANKING: 24/7, WITH A TELEPHONE HELPLINE, INCLUDING AT WEEKENDS AND ON HOLIDAYS

4,800 ATMS ACROSS GERMANY PROVIDE CASH AND OTHER SERVICES



1,000 BRANCHES – MAJOR NATIONWIDE PRESENCE

ACCOUNT ACCESS IN REAL TIME AND OTHER FUNCTIONS WITH VARIOUS APPS

More power in customer contact

Digitalisation can make customer relations more dynamic, and new software will help facilitate this. The software will be rolled out across segments by the end of 2017.

Three different applications have now been fused into one that can manage everything, including appointments, tasks and the potential for appealing to and informing cus-

tomers based on their specific needs. These benefits apply equally to relationship managers for corporate clients and employees in the private and small-business customers segment. From an external perspective, the programme supports all activities that aim at providing a “unique customer experience on all channels”.

SOCIAL COHESION

“The social balance is in jeopardy”

We have long avoided a debate on demographic change, says Dr Reiner Klingholz from the Berlin Institute for Population and Development. That could backfire if we don't do something about it.

What are the social challenges that Germany has to overcome currently and in the near future?

DR. REINER KLINGHOLZ: Many of the challenges have to do with demographics: The baby boomers are on the verge of retirement. Around 2030, the number of people retiring every year will be twice as large as the number of people starting their professional lives. The pension system actually works on a pay-as-you-earn basis, and one-third of the financing today already comes from tax money. So when the number of retirees compared to young professionals goes up, the system will need even more subsidies. That will put too much strain on

young wage earners who are supposed to pay for it. The other option is significant cuts to pensioners' income. It won't be possible to resolve this issue without conflict. Because the economy is not growing as rapidly as it once did, the social balance is in jeopardy. But when large numbers of people feel like they're being left behind, populist parties begin to rise. We've already seen this happening in other countries.

Could immigrants stop the demographic change?

KLINGHOLZ: They can close gaps in the labour market, like they have in the past, but they won't be able to stop the change. Moreover, specialists who come to Germany through organised recruitment procedures suit the requirements better than refugees who are accepted for humanitarian reasons. It is more difficult to integrate refugees, but social cohesion is at risk without integration.

Are these phenomena perhaps linked?

KLINGHOLZ: Yes. Countries across the world are developing at a delay. Those countries that industrialised at an early stage are further along in this process than the rest. Some emerging countries are rapidly catching up, while others in Africa and West Asia, for example, are still trailing far behind. Because demographic change occurs after economic development – in a nutshell, because people have fewer children once they are better off – we now have wealthy countries where the population has stopped growing or is even shrinking,

and poor countries with heavy population growth. Both a shrinking population and heavy growth entail problems for the countries affected by these trends. In addition, the prosperity and security gap between wealthy and poor regions, together with the global exchange of information, is causing increasingly heavier flows of immigrants and refugees.

What lessons can we learn from the past for the future? Can social challenges become social opportunities?

KLINGHOLZ: We have to learn how to clearly articulate societal problems and then debate them as a society. It was a major mistake that we spent so long avoiding a debate on demographic change. But that changed starting in the early 2000s, and a lot has happened since then. People accept that they have to work long whenever life expectancy goes up.



DR. REINER KLINGHOLZ is Director of the Berlin Institute for Population and Development, an independent think tank that deals with issues of regional and global demographic change.



Employment rates for women and the elderly have gone up, education figures have improved and people – at least most of them – acknowledge that Germany is a country of immigration. These are all opportunities to adjust to the demographic change. And Germany is in a better position here than, say, France or Italy. That is also one reason why we are better off economically.

Which societal, political and economic actors are relevant in such open debates?

KLINGHOLZ: All of them – companies and unions, churches and associations, civil society and politics. The global demographic change, together with climate change and the slowdown in economic growth in those countries that developed at an early stage, will change societies from the ground up. This is no cause for alarm. At the same time, governments should not pretend like they can easily tackle the related challenges or that they can manage it all. The times we live in are not becoming simpler.

What role does business have to play?

KLINGHOLZ: If we rightly expect that growing numbers of women are not only well qualified, but that they ought to have successful careers as well, then companies need to focus on creating working conditions that are conducive to having a family. Given the increasing shortage of skilled workers, doing so is becoming more and more important for recruiting good staff. Companies play a key role in integration, because a job means a livelihood for immigrants, and the workplace is where people come into contact. A foreigner stops being “foreign” when he or she works on the same team. It is also proven that diversity on a team – old and young, men and women, people from different cultures – has a positive effect on creativity.

What can global players from the banking sector contribute?

KLINGHOLZ: The banking sector is already highly international in a way that many societies will become only in



future. Efforts should be made to make the public more aware of the advantages of this diversity. Another quite different task of banks is to focus more on their core business, their actual role in society, namely helping companies

gain access to capital. The financial sector has given in to great excess in the past, which caused massive crises. And these crises have not made it any easier to solve the problems already mentioned.

Steps taken by Commerzbank

For everyone: Part-time employment models (including for managers), flexible hiatus options, workplace flexibility (e.g. home office), sabbaticals and long-term leaves, numerous pension options, employee assistance programmes and care components.

For diversity: Strict regulations against bullying and discrimination, mentoring programmes and seven employee networks such as “Courage” for women and “Arco” for gay and lesbian employees, mixed-age and international teams, employment of some 1,750 severely disabled people.

For parents: Advice on and placement with (company) childcare, as well as the possibility of working from home, the “Keep in touch” work model in order to stay involved at work during parental leave on a very limited part-time basis (10 or 20 percent).



MORE INFORMATION ABOUT THE SERVICES AT COMMERZBANK IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.DE](https://sustainability.commerzbank.de) > CORPORATE GOVERNANCE > EMPLOYEES

CORPORATE VOLUNTEERING

A show of solidarity

In a globalised and digitalised world, social cohesion is at risk of disappearing in many places. Employees at Commerzbank are working against that trend by getting involved in a wide range of social causes – whether by volunteering or as part of programmes set up by the Bank.

Doris Schwerdtfeger, Divisional Head of Corporate Affairs, is in charge of corporate volunteering at Commerzbank. She is delighted by employees' great willingness to do their part for the community. "Social responsibility is a key component of our corporate culture," Schwerdtfeger says. "We want to put this into practice by offering a range of volunteer opportunities across the Bank – and of course also support our employees in carrying out their own ideas."

The options for volunteering at Commerzbank include such projects as the education mentor programme for supporting young adults during their transition into professional life, the "Joblinge-Kompass" project aimed at the integration of refugees, various social days – for example in collaboration with the aid agency Malteser Hilfsdienst, or the volunteering portal which was set up jointly with "Aktion Mensch". Commerzbank supports employees who donate

their time and energy by providing them with spaces where they can hold meetings for initiatives that they are involved in or by excusing them from work for up to two days for social projects.

Good for society and the company

Regular reports on the various activities which appear in the employee magazine are meant to inspire others to follow suit. "We are seeing positive effects on various levels," Schwerdtfeger says. Apart from the contribution towards creating a society that is united by solidarity and ready to handle the challenges of the future, she also notes the many benefits such action provides for the Bank: "The team's bond at the company benefits greatly from the social commitment of our employees, as we truly put values such as helpfulness and fairness into practice."

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



“As Germans, we have a moral obligation”

“During the Nazi regime, Germany caused an enormous number of people to flee, which is why I believe our country has a moral and political obligation to grant asylum to people who are being persecuted. I also do volunteer work with the congregation of my church to help with refugee relief, but I was looking for a way to get involved in a larger organisation. As part of the ‘Joblinge-Kompass’ programme, I offer industry-specific German courses of practical relevance for young adults in order to help integrate them here as quickly as possible.”

Dr Stefan Werner (58), a legal advisor in the Legal department at Commerzbank, is committed to helping refugees in the “Joblinge-Kompass” programme.



“I’m really moved by the children’s joy”

“I think it’s great that the Bank provides the opportunity to volunteer on behalf of social causes – and to do so not just by yourself, but also as part of a team. I have been involved with the Malteser Social Day every year since 2013. The activities always change. One time we organised a kind of Olympics competition for the children, another time we redesigned a big flower bed at the entrance of a school or spruced up the walls in classrooms. I’m always moved by the children’s reactions each time, which range from astonishment and joy to incredulous questions about why we are volunteering.”

Andrea Langefeld (46), who is responsible for preparing contracts with in-house service providers at Commerzbank, is involved with the Malteser Social Day every year.



“Learning how to see the world from another perspective”

“As a working-class child, I was the first person in my family to go to university. As a result, my life is closely linked with access to education. I would like to share this experience with young people who face difficult conditions due to life’s circumstances. As an education mentor at Commerzbank, I am currently helping a young woman from Kenya to prepare for her final exam to become a forwarding merchant. We often don’t realise how good we have it here in Germany. Volunteering helps to see the world from another perspective.”

Michael Bolten (56) supports private and small business customers at Commerzbank who are facing financial difficulties. He also serves as a Commerzbank education mentor.



“Nice to see what we can achieve together”

“It has become a great tradition at Commerzbank to do something nice for needy children and teenagers at Christmas. A bulletin board filled with Christmas wishes can be found in the lobby of the Commerzbank high-rise every year beginning on the first day of the Advent season. Employees can team up with others or decide to work alone to make these wishes a reality. Shortly before Christmas, we take the nicely wrapped packages we have gathered to the children’s and youth homes, in addition to refugee children in Frankfurt who made the journey alone.”

Fabienne Naasz (27), student in the Commerzbank study group, organised the Christmas wish project in 2015 and 2016 together with another colleague.



POPULAR SPORT

Because sport creates lasting bonds

For decades, Commerzbank has not only sponsored professional sport, but also popular sport, where the focus extends beyond just athletic competition to bonding with teammates and competitors across ethnic, religious and social boundaries.

At Commerzbank, support for popular sport is focused on football, which is by far the most popular type of sport in Germany across all social classes. From a young age, boys and girls can be found kicking a ball on amateur football fields and schoolyards.

Since as far back as 1975, the Drumbo Cup has been an exciting opportunity for children in Berlin's primary schools, secondary schools and interdenominational schools up to the sixth form. Commerzbank is continuing the tradition of Germany's largest indoor football tournament for schoolchildren in this age group. It was originally created by Dresdner Bank. In the past 42 years, approximately 100,000 children have competed for the Drumbo Cup, includ-

ing some athletes who went on to become professional footballers, such as Pierre Littbarski, Thomas Häßler, Christian Ziege and Jérôme Boateng. These role models exemplify what the Drumbo Cup has represented for decades: performance, respect, fairness and team spirit.

Supporting the next generation of talent with DFB

Supporting the next generation of talent is one of the aims of the DFB Junior Coach project. Commerzbank is a national partner of the initiative of Deutscher Fussball-Bund (DFB) [the German football association], which has already trained more than 10,000 young football enthusiasts to become licensed junior coaches. The project also focuses on



more than just athletic abilities and supports the junior coaches' ongoing personal development.

By gaining self-confidence, learning responsibility and honing social skills, the junior coaches improve their career prospects. But Commerzbank does more than just provide financial support for the DFB Junior Coach project; it also gets involved as a partner and helps the young adults get a professional start. Through presentations, workshops and a mentorship programme, the junior coaches receive applicant training and learn about economic links and working life.

They also have the opportunity to complete internships at Commerzbank. In March 2017, 60 DFB junior coaches and their Commerzbank mentors visited the German Football Museum in Dortmund, where they had the opportunity to talk with football legend Horst Hrubesch, former national football team member Annike Krahn and representatives from Commerzbank.

“Das Grüne Band” turns 30

“Das Grüne Band” celebrated its 30th anniversary in October 2016. The joint initiative between Commerzbank and the German Olympic Sports Confederation has been awarding a prize since 1986 to sport clubs that do outstanding work in promoting young, talented athletes. Award winners have to fulfil ath-



letic as well as ethical criteria, such as efforts to prevent doping, and demonstrate special pedagogical and social measures or projects.

“Das Grüne Band”, which a jury awards to 50 clubs or club sections each year, comes with a cash prize of 5,000 euros. The initiative has benefited more than approximately 500,000 children and teenagers from around 1,800 sport clubs over the past decades. Uwe Hellmann, Head of Brand Management at

Commerzbank, is a jury member. For him, the initiative represents an effective contribution towards a society that is ready to handle the challenges of the future. “The focus is on teaching values, especially when it comes to fostering the next generation. Anyone who learns and internalises these values through sport will also benefit from them at school, during their training and education, in their career and in their social life.”

 **MORE INFORMATION ABOUT COMMERZBANK'S COMMITMENT TO SPORT IS AVAILABLE AT SUSTAINABILITY.COMMERZBANK.DE > ENVIRONMENT & SOCIETY > SPORTS ENGAGEMENT**



Our achievements

Contributing towards a sustainable future is part of Commerzbank's self-image. 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 financial year 2016.



EMPLOYEES

The rate of sick leave/accidents at Commerzbank was again below the rates of statutory accident insurance. We increased the percentage of female managers once more as well

4.6%

sick-leave rate

6.4

reportable accidents at or on the way to work per 1,000 employees at Commerzbank in Germany

29.8%

of the managers at Commerzbank are women

DONATIONS

2.5 MILLION

euros was the amount invested in the community and charitable organisations in 2016 through the foundations of the Commerzbank Foundation Centre



ENVIRONMENT

-5%

energy consumption in Germany (including subsidiaries)

97.5%

of all waste in Germany was recycled (worldwide 92 percent)



SUSTAINABLE FINANCE

5.0 BILLION

euros was the total amount of the loan portfolio of Commerzbank's Energy Centre of Competence

16%

of the total wind energy generated in Germany was financed by Commerzbank

13 MILLION

tonnes of CO₂ emissions were prevented in 2016 alone by wind turbines, solar installations and bio-energy systems funded by Commerzbank

5.2 BILLION

euros is the total volume of green bonds that Commerzbank helped issue in 2016

REPUTATIONAL RISK MANAGEMENT

6,200

verification requests were handled by the Reputational Risk Management team in 2016 – approximately 15 percent more than in 2015 and 24 percent more than in 2014



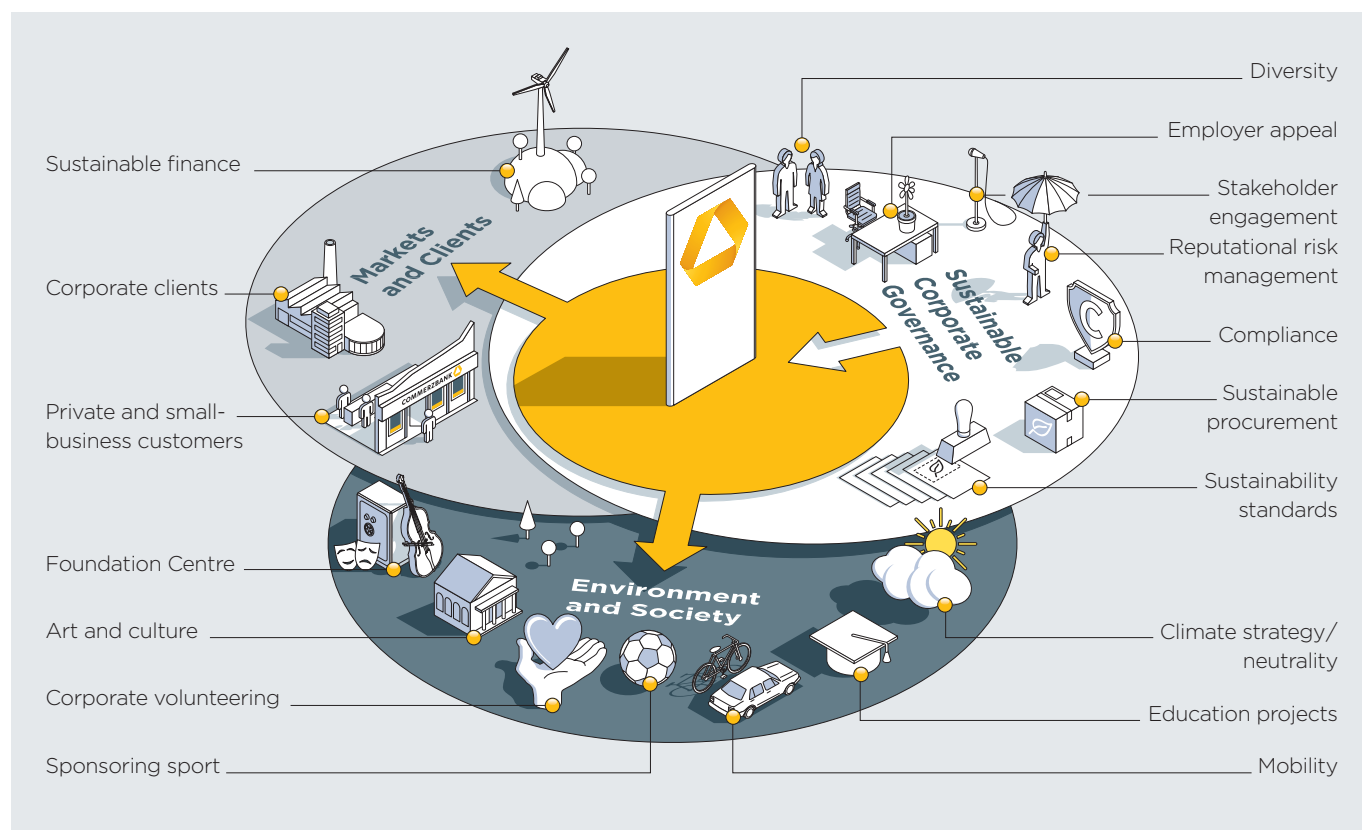
MORE INFORMATION ON COMMERZBANK'S SUSTAINABILITY PERFORMANCE FOR 2016 IS AVAILABLE AT SUSTAINABILITY.COMMERZBANK.DE>FACTS & FIGURES>PUBLICATIONS>GRI REPORT

2016

SUSTAINABILITY STRATEGY

Commitment to responsibility

Sustainability management at Commerzbank focuses on three areas of activity, which establish the framework for all of the Bank's activities and objectives with regard to corporate responsibility.



The overarching objectives in the three fields of action – Sustainable Corporate Governance, Markets and Clients, Environment and Society – are guided by the Bank's commitment to “meet the global challenges as a responsible partner for sustainable economic and social development”. Nine principles guiding the Bank's actions specify this aim more clearly:

Sustainable Corporate Governance:

- Principle 1: We foster responsibility and transparency as elements of our corporate culture and act exclusively in accordance with the law.
- Principle 2: We assume responsibility for our actions, our products and services, and their impact.
- Principle 3: We are a supportive and attractive employer for our employees and future talents.

Markets and Clients:

- Principle 4: We face up to the global challenges and offer our customers suitable products and services.
- Principle 5: We ensure Commerzbank's long-term profitability by assessing risks comprehensively.
- Principle 6: We are satisfied with our performance only if our customers and clients are satisfied with us.

Environment and Society:

- Principle 7: We are working to reduce our ecological footprint.
- Principle 8: We engage in a dialogue with our stakeholders and support sustainable development in the financial market.
- Principle 9: We are actively committed to creating a future-ready society.

SUSTAINABILITY PROGRAMME

Steps and objectives

As part of cross-divisional workshops, Commerzbank has relaunched its sustainability programme and set short-, medium- and long-term objectives that the Bank will work towards implementing in the years ahead. The following table is an excerpt from this programme. The complete programme with approximately 100 objectives is available online.

Field of action	Dimension	Goal
Sustainable Corporate Governance	Reputational risk management	Expansion of internal training and awareness-raising measures on reputational risk management
		Intensified communication with relevant external stakeholders and NGOs on social and environmental risks
	Compliance management	Establishment of a Global Financial Crime Unit by the end of 2017 in order to further improve the global exchange of information within the Financial Crime Organisation of the Commerzbank Group, carry out global investigations and projects in connection with financial crime and effectively address the globalisation of financial crime
		Revision and further development of the Group-wide compliance policy framework by the end of 2017
	Sanctions and embargos	Development of coordinated standards between banks and supervisory authorities for the handling of payments for humanitarian projects in sanctioned countries (in the European Banking Federation) in compliance with the law
	Diversity and equal opportunity	Increasing the share of women in management positions to 17.5% on the first management level, 20% on the second management level, and 35% across all management levels by the end of 2021
	Employee retention	Secondment of up to 1,000 employees from across the Bank to the Digital Campus by 2018 for direct participation in shaping Commerzbank 4.0
	Training and development	Development of a training format to reinforce a "Culture of Integrity" throughout the Group by 2017
	Work-life balance	Providing up to 2.6 million euros to implement measures in the interests of a better work-life balance for families in 2017
	Participation in public policy development	Establishing a regular stakeholder dialogue on social and economic issues in order to discuss the Bank's role in society
Conducting an information event for analysts, rating agencies and representatives of NGOs by 2018 to highlight Commerzbank's participation in public policy development		
CR reporting and ratings	Top 20% placement in the banking sector in sustainability ratings in Europe and the world by 2020	
Markets and Clients	Emissions trading	Implementation of first advisory mandates on climate neutrality for Commerzbank clients in 2017
		Promotion of supranational discussion and cooperation on carbon pricing standards
	Helping to shape the energy transition	Providing 2.5 billion euros for direct or indirect financing of renewable energy sources through new Commerzbank business by 2020

Field of action	Dimension	Goal
Markets and clients	Securities	<p>Launch of up to five new sustainable funds for retail customers by 2018</p> <p>Establishment of transparency on the carbon footprint associated with the retail fund products by 2018</p>
	Asset management	Further expansion of sustainable asset management product offerings by 2018
	Green bonds	Active support of development of the green bond market through regular implementation of and participation in workshops and information events and as a member of various green bond interest groups
	Lending business with retail customers	Ensuring repayment quota of 99% p.a. in the long term as proof of responsible lending in the private mortgage business
	Customer satisfaction	Securing top annual placements of Commerzbank in important independent rankings on customer satisfaction and the quality of customer advice
	Financial inclusion	<p>Maintaining branch density in Germany: 70 percent of our clients are within 10 kms of the nearest Commerzbank branch</p> <p>Using understandable and solution-oriented language in customer communications: continual improvement of communication tools and product information for customers with a minimum readability index based on the specific information category (basis: Hohenheim Understandability Index for German texts)</p>
Environment and Society	Energy and emissions	Annual budget of at least EUR 200,000 to fund energy efficiency measures in buildings
		Development of a new climate target by 2019
		8% reduction of energy consumption by 2020 vs. baseline year of 2014
	Green IT	As of 2018, Commerzbank will apply energy efficiency as a criterion in all data centre tender processes.
	Mobility	Adding sustainability information to travel planning applications (e.g. CO ₂ emission comparisons of modes of transport) by 2018
		From 2018, all international contract hotels of the Bank must have an environmental programme in place to be included in the hotel programme (implemented in Germany in 2017)
		Promotion of environmentally friendly vehicles in company leasing through continual review of bonus/malus regulation
	Resources	Increase in sustainable options in canteens and heightened employee awareness
Social responsibility	Development of a methodology to quantify the value contribution of our social commitment by 2020	
Customer communication	By 2020 the range of materials will consist of 65% sustainable advertising articles. The subscription of materials will be incrementally optimised in terms of CO ₂ emissions	
Sponsoring	By the end of 2020, Commerzbank will pay out a total of 1 million euros within the programme "Das Grüne Band" to 200 prize winners (associations) as funding for the development of young talents provided directly to the associations	



MORE INFORMATION ABOUT COMMERZBANK'S SUSTAINABILITY PROGRAMME IS AVAILABLE AT [SUSTAINABILITY.COMMERZBANK.COM/PROGRAMME](https://www.commerzbank.com/sustainability/programme)

TAKING A SOLID STANCE

Standards for social and environmental matters

Positions and directives on social and environmental matters form the foundation of decisions on which deals and business relationships Commerzbank will support or enter into, and which ones it will not. They take into account the demands and expectations of society and provide guidance for our employees. A selection:

Agricultural commodities

In 2011, Commerzbank stopped issuing any new exchange-traded investment products based on food staples, which include wheat, corn, soya, rice and potatoes.

Coal power

Commerzbank's guidelines governing coal-related transactions cover the process chain, from coal extraction to coal-fired electricity generation at power plants. Commerzbank no longer provides financing for new coal-fired power plants or new coal mines. Modernisation projects are reviewed on a case-by-case basis and can be rejected.

Oil and gas

In the case of customer relationships and finance deals relating to oil and gas, Commerzbank performs assessments of how oil and gas fields are explored, how high conservation value areas are protected and how compliance with human rights and occupational health and safety standards is ensured.

Mining

The focus of the assessment includes mining operations, the implementation of ecological restoration measures and compliance with human rights and occupational health and safety standards.

Land and forestry

In addition to assessments of environmental and social conditions regarding cultivation and exploitation, Commerzbank also places particular focus on compliance with sustainable standards for palm oil production.

Arms trade

Commerzbank does not finance the supply of weapons or armaments to conflict zones or areas of tension, nor does it finance controversial weapons. The recipient must be a clearly identifiable governmental body.

Indigenous peoples

Commerzbank's commitment to fundamental human rights includes special protection of indigenous peoples, who are often subjected to compulsory measures such as involuntary resettlement and displacement.

Human rights

Commerzbank is committed to respecting human rights as defined by internationally accepted human rights standards. Within its sphere of influence, Commerzbank makes various contributions to supporting their implementation.

Power generation

In the case of decisions on customer relationships and finance deals related to power generation, compliance with human rights, the protection of high conservation value areas and the implementation of environmental impact assessments are subject to particular scrutiny.



READ MORE ABOUT COMMERZBANK'S SUSTAINABILITY STANDARDS AT [SUSTAINABILITY.COMMERZBANK.DE>SUSTAINABILITY STANDARDS>POSITIONS & DIRECTIVES](https://www.commerzbank.de/sustainability-standards/positions-directives)

Imprint

Publisher

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Germany
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www.commerzbank.com

Managing department

Group Communications
Corporate Responsibility

Concept, text and layout

akzente kommunikation und
beratung gmbh,
Munich/Frankfurt, Germany

Image credits

Marcel Schaar (cover)
Timo Volz (page 2 left, pages 6/7)
Julia Sidorenkova (page 2 right,
page 11)
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This magazine is also available in German. Both the German and English versions and additional information on corporate responsibility are available on Commerzbank's sustainability website, which is updated on a regular basis:
sustainability.commerzbank.de

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