

# Human Resources & Corporate Social Responsibility

<b>Human Resources</b>	<b>38</b>
<b>Integrity Charter Foundations</b>	<b>42</b>
<b>Corporate Social Responsibility</b>	<b>44</b>

# Human Resources

## Growing together in a European context

For our employees, the year 2006 was dominated by the integration process in Europe. Together with the UniCredit Group, we have made major progress towards becoming the first truly European bank.

## Great willingness for change

Our employees faced the challenges with a great willingness for change and made a decisive contribution to HypoVereinsbank's (HVB) strong operating performance. With organisational structures gradually solidifying, signs are already evident that the cultures are growing together within the pan-European banking group. Our employees are enjoying new prospects for development both in Germany and at the new Group's other locations.

At year-end, the new HVB Group had 25,738 employees, 20,506 of whom worked for HVB AG. We succeeded in maintaining payroll costs at the new HVB Group at the same level, with the total standing at €2,216 million for 2006 compared to €2,212 million in 2005.

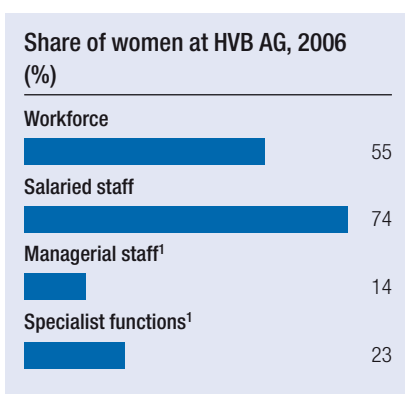
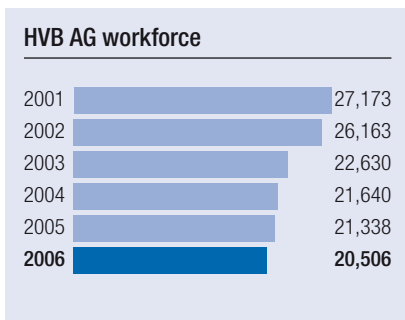
In order to convey the binding character of the values and at the same time to create a forum for an open dialogue, a Group-wide Integrity Charter Day was held on September 20, 2006. On this occasion, employees and their supervisors discussed ways and means of reinforcing their value orientation in future. In the run-up to the event, HVB AG managers reporting directly to the Management Board had joined with members of the Management Board to consider the content of the values in-depth and how they are applied in daily banking operations.

We are drawing up an action plan to permanently establish the Integrity Charter. To this end, the Integrity Charter will become an integral part of our continuous professional development and management training programmes. Since January 2007, HVB has had an ombudsman available as a contact in cases of conflict. Employees who feel that they have been affected by actions in breach of the Integrity Charter can call upon to this person in confidence.

The first People Survey was carried out just a few weeks after the Integrity Charter Day on a Group-wide basis. The aim of the complete staff survey was to discover employees' opinions on issues like style of leadership, co-operation, working environment and so on, in absolute anonymity for each and every individual. The survey served as both sentiment barometer and appraisal of the current situation. With a participation rate of around 67%, HVB AG exceeded the overall rate achieved in the UniCredit Group. Thus our employees showed their willingness to participate in the process of the strategic development of values at HVB. In particular, the working environment, organisational

## Cultural identity: Integrity Charter and People Survey

The Integrity Charter forms a common set of values for all employees of the UniCredit Group. The key element is integrity as an overriding value which bolsters our standing among customers, employees and shareholders. The Integrity Charter defines our six basic values: fairness, transparency, respect, reciprocity, freedom and trust (see also the Integrity Charter chart following this chapter).



<sup>1</sup> A, B and C levels

efficiency and co-operation between managers and their staff were positively assessed. Improvements were requested in areas like the clarity of strategic goals and market positioning. Specific measures will be derived from the results in 2007.

Transparency and trust are two values that are crucial for getting along together successfully in a collegial manner. One example: some of our Management Board meetings are held "locally", meaning at different HVB locations in Germany. In this way, we have created a forum allowing employees in each region to enter into a dialogue with our senior executives following a Management Board meeting and to discuss current issues concerning the strategy and development of HVB.

### Designing socially compatible change processes

A series of staff movements took place in 2006. The adjustment of the previous business segment structure of HVB to the divisional structure of the UniCredit Group led to around 1,400 employees changing within the Bank. They were re-allocated to sales divisions together with their functions. Our goal is to continue to strengthen our customer-tailored approach by defining clear structures and responsibilities.

The change process was accompanied by intensive and generally constructive meetings with the Central Works Council. The employees affected were selected by mutual consent, including all parties concerned, and prepared for their new position in the organisation in the course of some 50 round table discussions. This helped to make the transit as socially compatible as possible, and we received only a few complaints from customers in the process. As a result, the project was successfully completed without any frictional losses.

We likewise designed the Process Redesign and Optimisation project (PRO) in a socially compatible manner. This efficiency enhancement programme launched in 2005 to optimise and streamline processes envisages a reduction of around 2,100 positions by 2007. In addition, synergy effects will be created by 2008 through the shedding of 1,800 jobs in the course of the integration process within the UniCredit Group. We are on schedule in both projects. Natural fluctuation, which increased to 8.6% in the year under review, was beneficial to the reduction in staffing levels. The agreements relating to early and partial retirement also helped to reduce the headcount. Where at all possible, we would like to continue paring back our human resources without having to resort to compulsory redundancies.

Our proven flexible capacity management system helps us to achieve a balance between the Bank's interests and the priorities of our employees. One of the most important management tools serving this end is part-time work, which currently involves some 21% of the employees at HVB AG. Sabbaticals – unpaid leaves of absence lasting from twelve to twenty-four months – give employees the opportunity to pursue outside interests for a limited period.

Our in-house temporary employment agency, HVB Profil, also made a significant contribution to capacity management in 2006. HVB Profil has access to a number of employees who are assigned flexibly to various areas of HVB. The focus of its work again last year involved supporting various organisational and personnel changes and offering bank apprentices permanent positions.

The socially compatible design of change processes can only be achieved if management and employee representatives work together as partners. In the year under review, our employee representatives, particularly the Central Works Council and the Speaker's Committee for Senior Executives, also made an important contribution to constructively balancing interests. We would like to expressly thank these people in this regard.

### Continuity and innovation in professional training and development

The primary task of our Talent & Development Center is to recruit, integrate and foster talented junior staff. It is responsible for apprentices, students and trainees alike, and caters for our former trainees, or alumni. Moreover, the tasks of the Talent & Development Centre include promoting our credentials as an employer at trade fairs, in advertisements, on the internet and training all our staff in banking methods and management.

We define quality and continuity as the primary goals of our policy with regard to professional development. We invest specifically in the continuing professional development of young specialists and managers. We are planning to once more increase the junior staff quota for apprentices in 2007 from its present level of 6%. The number of apprentices offered permanent positions in the HVB sub-group stood at around 80% in the year under review. HVB Profil takes on some of the young bankers who, after completing their apprenticeships, are not offered permanent positions at HVB AG.

# Human Resources continued

The practical orientation of our apprenticeships is an important concern for us. Our apprentices are fully integrated into daily operations at branches. They come into contact with all the aspects of normal branch operations and work with the permanent staff at the branch in order to become familiar with workflows and processes as well as the requests and needs of customers. Since 2006, HVB AG has been offering a course of studies in financial services in collaboration with the Ingolstadt School of Management. The curriculum is intended for the best apprentices who simultaneously complete the trainee programme during their studies after completing their vocational training. The on-the-job course focuses on methodologies and fosters initiative, creativity and social skills, and leads to a Bachelor's degree.

Our trainee programme is similarly characterised by continuity; we have agreed a fixed rate of 1% of trainees. The programmes we offer are considered top quality education for high potentials. We already provide a range of special training courses to those graduating from universities with the new Bachelor degree. Hence, we are responding to changes in Germany's educational landscape at an early stage and are deliberately tying talented and motivated junior staff to our Bank.

In addition, some 450 students gained insight into the requirements and areas of operation of our Bank during placements with us in the year under review. As we view placements as an educational tool running parallel to a course of studies, we make it a rule not to offer any placements to university graduates who have already completed their studies.

## Talent management and "networked" personnel development

A crucial element of all continuing professional development measures of HVB is its networking concept. Thus, professional training for all apprentices in a given year (2006: 520) starts with First Steps. This comprises three days of specialist and personal training, and also includes sessions with the Management Board. This serves as a foundation for a personal network of apprentices at the Bank. Thus the introductory programme not only provides an insight into our customers and products, it also helps individuals adapt to the corporate culture at HVB and develop their social skills.

Meetings with senior managers underscore the great importance we attach to our professional training programmes and our junior staff. In 2006, HVB organised a roadshow with the CEO of the UniCredit Group, Alessandro Profumo. During a breakfast with junior staff, apprentices, trainees and alumni had the opportunity to discuss key business issues and their personal development potential within the UniCredit Group.

The HVB Alumni Network, which targets former trainees and serves as an instrument to retain them, is also committed to the networking concept. At the annual Trainee Day, trainees and alumni discuss important banking issues in workshops. In 2006, attention focused on the Integrity Charter, although an exchange of ideas with the member of the UniCredit Group's Management Committee responsible for Human Resources, Rino Piazzolla, was also part of the supporting programme.

The Career Center is another instrument serving development. Above-average alumni are nominated for participation by their supervisor. The Career Center includes two years' mentoring by an experienced manager and a seminar to evaluate the individual's current position.

A new mentoring programme has been initiated at HVB AG to promote female specialists and managers. The emphasis here is placed on the development of greater professional and personal skills and the creation of networks. At present, more than half of the staff at HVB AG (55%) are female, yet only about 26% of them hold positions as specialists and managers. The objective of the 12-month mentoring programme is to promote the careers of women by providing personal guidance and holding relevant events, thus significantly raising the number of female managers.

A wide range of continuing professional development programmes is available to all employees. These include courses in methods and seminars to improve communication and leadership skills. To help our people communicate better with people in non-German-speaking countries, we have significantly increased the range of foreign language courses we offer, and concepts catering for individual needs can be designed, implemented and supervised within the scope of personal coaching.

Another example of high quality, networked continuing professional development is our new Master in Corporate Banking programme which was developed in conjunction with leading universities in Italy, Austria and Germany (including the Technical University of Munich). The objective of this in-service course is to teach international advisory and problem-solving skills to participants working in corporate banking and lending

operations. In addition, it makes a major contribution to forming Group-wide networks and fostering intercultural co-operation. The Bocconi University in Milan confers a Master in Corporate Banking on students completing this course of study. The first course was taken by 50 people from ten countries, 11 of whom were from HVB. A loyalty declaration will serve to ensure that the expertise cultivated will be used to serve our customers in the long term.

### International development

HVB's staff development tools are already closely intermeshed with the development programmes of the UniCredit Group. Hence, we are pressing ahead with sustainable personnel planning on an international level and offering exciting prospects for our top performers and potential future executives at an early stage.

- UniQuest is a one-year programme for 100 talents from the entire UniCredit Group. In this connection, talented young people with three to six years' job experience work in international teams on strategic projects. Their customers are top executives of the UniCredit Group. The goal is to build up an international network, expertise and a thorough understanding of correlations in the UniCredit Group outside their own specialist area.
- The next step in executive training is the Talent Pipeline. This is a Group-wide pool of high-performing, internationally mobile junior staff who are suitable for promotion to the next management level in the next five to seven years. Candidates in the talent pipeline are introduced to the top management of the UniCredit Group and discussed by it as part of management and successor planning. Suitable development measures are also defined.

- The Executive Development Programme (EDP) creates the framework for an annual inventory of the senior management in the UniCredit Group. In the process, the performance, potential and expertise of 1,500 senior executives are discussed together with their identification with values. The objective is to define steps in the development of individuals with responsibility against the backdrop of division-specific business scenarios and thus initiate early succession planning.

### Socially based HR policies

We promote the well-being and performance of our employees through a large number of facilities and measures. Enabling people to harmonise working life with family life has been one of the strengths of our HR policies for years. In co-operation with the nationwide Family Service, we advise our employees and support them financially if they take leaves of absence for family reasons. This applies particularly to childcare and caring for relatives. In addition, we help mothers and fathers to re-enter the workforce. For this commitment, the charitable Hertie Foundation has certified HVB AG under its Work & Family audit more than once.

Our "Bank of the Generations" project looks at the effects of demographic change. We are looking to bring about a change in the way people think by using tools like an analysis of the age structure, sensitising our people to different work-time models and devising a continuing professional development programme appropriate for the relevant life phase.

The Health Forum creates a platform for the activities of our health management. We run seminars and information events to reinforce health awareness and encourage personal responsibility. The social counselling provided by HVB advises employees in times of need and also supports executives by offering

coaching on how to deal with challenges in their working environments. Further information is provided in our 2005 Sustainability Report. Please refer to the Financial Calendar in this report for ordering information.

### Outlook: increasing performance-related pay

HVB has operated a variable remuneration structure since 1995. In 2004, we introduced a remuneration structure consisting of 12 monthly salaries and a variable component. The bonus is determined depending on the degree of target achievement within a specific range. For sales divisions, this system is undergoing further development, which will involve the respective targets being specified in even greater detail – depending on target achievement – thus making it easier to understand and to constantly calculate the bonus paid. This means that our employees can benefit even more directly from successful sales efforts in future. The regular measurement of customer satisfaction has an important role to play in this regard.

# Integrity Charter Foundations

The path to profit

	FAIRNESS	TRANSPARENCY	RESPECT
Colleagues	<p>Ban discrimination on the grounds of sex, race, political opinion or trade-union activity.</p> <p>Practise respect and care towards people at all times.</p> <p>Ban favouritism in recruitment, promotion, and incentive policies.</p>	<p>Share your knowledge without monopolising it to your own advantage.</p> <p>Ensure transparency in career paths.</p>	<p>Clearly define roles and responsibilities for everybody employed in the company.</p> <p>Listen and offer constant attention to people, respecting their values, feelings, moral stance; never use any form of undue pressure or offence.</p>
Customers and Suppliers	<p>Strive for customer satisfaction at all times. Pay appropriate attention to all kinds of customer.</p> <p>Show impartiality in the selection of suppliers, so as to turn the relationship with them into a competitive advantage for the company.</p>	<p>Ensure timely information on our products and services at all times.</p> <p>Select suppliers with impartiality.</p>	<p>Safeguard the confidentiality of any information acquired, both in relation to customers and the Company itself, its assets and its decisions.</p> <p>Open a communication channel with suppliers aimed at supporting the most innovative and responsible processes implemented.</p>
Investors	<p>Pay appropriate attention to to all types of investor, without discrimination or favouritism, in order to make markets increasingly open and competitive.</p>	<p>Turn market communication into an economic and cultural value; aim to be clear, complete and timely; and use the most effective communication channel for each investor.</p>	<p>With investors adopt rules of behaviour in line with corporate values and the professional ethics required by the market's highest standards.</p>
Local Communities	<p>Establish suitable relations with stakeholders in order to offer assistance, service and opportunities without discrimination.</p> <p>Promote local growth by supporting those initiatives that pay greater attention to the actual needs of the community.</p>	<p>Keep the community you work in informed of what we do and how we do it.</p>	<p>Promote growth which is ecologically and socially sustainable.</p>

## RECIPROCITY

It means to co-operate, sharing information and knowledge to generate value and find legitimation of our professional identity beyond organizational boundaries. We should care about an active listening of our colleagues' needs, trying to have a positive influence in our working environment.

## FREEDOM

Create the proper environment freedom of dissent and the freedom to say what one thinks. Offer everybody the chance to practise the values of entrepreneurship and develop her or his own professional personality.

## TRUST

Keep your word, admitting the possibility of mistakes made in good faith.

Offer a good return and a feeling of certainty to customers, to receive the equivalent in return. Listen to requirements and transform them into products and services. Promote co-operation with suppliers, so that they and the company can create value and give their corporate identity legitimacy.

Handle interpersonal relations in free and equal terms without being in awe of those who are stronger and without arrogance towards those who are weaker.

Build up confidence through behaviours that constantly confirm our reputation.

Listen without prejudice to any indications investors may send through the established channels.

Achieve freedom of action such that you can keep the promises you make to the market without undue conditioning.

Develop lasting and continuous relationships with the financial community; safeguard your consistency and credibility and willingly accept any criticism expressed by the market.

Create spaces for discussion and dialogue, in which mutual exchange of information may increase our legitimacy and reputation.

Respect individual moral codes and local cultures when acting in your territory.

Establish social and cultural relations with local communities, whose distinctive feature should be reciprocity.

# Corporate Social Responsibility

## Living values in a new corporate culture

The business combination between the UniCredit Group (UCI) and HypoVereinsbank has created the first truly European bank. This bank has its very own corporate culture which is increasingly emerging in the course of the integration process.

## Key role of the Integrity Charter

Co-operation in the new UCI is based on the Integrity Charter, which is the common set of values for all our employees (see also the section entitled Our People). In addition, the values described in the charter – fairness, transparency, respect, reciprocity, freedom and trust – form the basis for our business operations (see also the description of the full Integrity Charter immediately prior to this section).

The Integrity Charter defines the way we collaborate with our stakeholders, such as our customers and suppliers; it also forms the basis of our legitimacy in society at large:

- For example, we want to offer our customers sustainable banking products and services which create value in both commercial and social respects. Trust and a distinct service culture serve as a foundation for the customer relationship.
- We ensure that our business relationship with our suppliers is characterised by fairness, trust and appreciation. We reach agreements to the satisfaction of all parties involved.
- As a company we have a social responsibility – after all, we are corporate citizens in the communities in which we operate. We seek to contribute towards the ongoing development of society through our commitment.

Our 2005 Sustainability Report had the motto “Creating value by living values”. In this report we dealt in depth with our set of values and with the approach we adopt towards our stakeholders (please refer to the Financial Calendar for ordering information).

## CSR management system as a steering and co-ordination tool

The proven sustainability management system in place at HVB and UCI's CSR management concept complement each other in many ways. Combining the two approaches creates a solid basis for HVB to assume social responsibility as part of the UniCredit Group (corporate social responsibility).

Our CSR management system functions on the basis of a network structure, whilst the Management Board provides the set of values and the guidelines. The CSR Management unit is directly responsible for maintaining its internal and external network, reporting to the Management Board at regular intervals. The CSR team initiates and co-ordinates a broad array of activities, including benchmarking and monitoring the agreed targets and work programmes. It also bears responsibility for CSR communications with external stakeholders and in this connection works closely with the colleagues at UCI involved in CSR management and also with the heads of HVB divisions for specific tasks such as credit policies and product structuring.

### Environmental management system certified

Environmental management is another important area covered by CSR Management. The environmental management system of HypoVereinsbank had already been developed by the mid-nineties and was the reason for our excellent performance in numerous ratings and rankings. At the end of 2006, our system was certified compliant with the international ISO 14001 standard and validated in accordance with the European EMAS standard (European Management and Audit Scheme). Both standards define requirements which an environmental management system has to comply with – EMAS from a European perspective and ISO from a global one.

With the certification, we meet the requirements of external rating agencies for a generally recognised quality standard and are in step with UCI, which is also certified and validated in compliance with ISO 14001/EMAS. The certification process enabled us to optimise the existing environmental management system and to devise further measures to save energy and spare resources. Both direct and indirect environmental aspects were taken into consideration in this context:

- The direct aspects are concerned with the effects of facility management (energy used for heating, cooling and electricity) and with the conduct of employees (waste separation, paper consumption).
- Indirect environmental aspects relate to our products, for example the issue of how we manage our customers' assets, the criteria used in the credit approval process and how environmentally and socially compatible these criteria are.

### Commitment to climate protection

Climate protection is one of the primary issues of our times. Hence HypoVereinsbank has been taking action in various areas for years. By doing so, we are responding to the expectations of our stakeholders whilst also underscoring our commitment to solving global problems. To bundle and expand our activities, we are currently developing a climate strategy for HVB and the UniCredit Group. To date, we have been involved in:

- emissions trading services: trading, strategy consulting, hedging concepts and finance
- investment in the Carbon Fund (UniCredit Group)
- participation in the Carbon Disclosure project
- financing renewable energy sources
- applying the World Bank standards and Equator Principles
- sustainable asset management and certificates on the HVB Sustainability Index
- funds based on environmental technologies
- modernisation loans (energy-efficient property redevelopment)
- ImmoPass, a seal of quality for sustainable housing construction
- our environmental management system, certified and validated (ISO 14001, EMAS)
- implementing environmental standards in the procurement system
- sustainable mobility management
- ecological construction standards and energy management in bank buildings

The synergies achieved from certification projects can also be quantified. Thus, around €100,000 can be saved in energy costs alone each year, for example by installing a new computer-assisted cooling plant in building Z2. Re-certification is due after three years.

### Sustainable banking products: Equator Principles and commitment to climate protection and renewable energy ...

HVB was part of the group that established the Equator Principles. These constitute a global, industry-wide standard for large-scale project finance ensuring compliance with social and ecological principles. As one of the original group of 10 banks, HVB helped to set up a global, industry-wide standard for major project finance deals by introducing the Equator Principles in June 2003.

# Corporate Social Responsibility continued

A total of 45 financial institutions worldwide introduced the revised Equator Principles during last year. In the process they undertook to comply with a code of extended environmental and social standards when financing projects. This helps the banks involved to better assess, mitigate and generally manage any potentially harmful effects of projects they fund on society and the environment.

Besides requiring compliance with the World Bank's Performance Standards and Guidelines, the Equator Principles call for projects to be categorised as high-impact, medium-impact or low-impact. An environmental assessment must be prepared for projects with a high or medium risk, with the scope of the analysis and the package of measures depending on the degree of risk determined. The revised version of the Equator Principles reflects the experience gained by financial institutions such as HVB with the previous rules since they were introduced three years ago. At the same time, it takes account of the replacement of the Safeguard Policies with the new Performance Standards of the International Finance Corporation (IFC), on which some of the Equator Principles are based.

An intensive dialogue between Equator Principles banks and the IFC was launched in May 2004, and a large number of comments have been made on the first draft of the Performance Standards. Customers, lobby groups and development organisations were subsequently involved in drawing up the new Equator Principles. HypoVereinsbank has put a large amount of work into this process and recently assumed the chair of what is known as the Working Group, which represents the core Equator Principles banks.

The dialogue we foster with non-governmental organisations (NGOs) and other stakeholders also serves to minimise credit risks. For example, this occurred when Bulgaria announced plans to build two new nuclear power plants in Belene. This project, for which the Bulgarian government was responsible, led to protests by NGOs such as Greenpeace and Urgewald. After in-depth discussions and careful consideration, our Bank decided not to provide any finance.

We also played a pioneering role in the field of renewable energy. For several years now, HVB has been financing a broad array of wind farms, hydro-electric plants, biomass power plants, sewage treatment plants, desalination plants and water purification plants. We were the first bank to successfully market a self-contained portfolio of wind farms as a corporate bond. We also financed innovative projects in the fields of solar energy, biomass and biogas last year.

We have combined our expertise in the renewables sector in new credit approval structures, thus further expanding and optimising our nationwide market presence. In the year under review, we succeeded in expanding our portfolio. In the field of project finance alone, we recorded €465 million for new projects while our total portfolio for all areas of finance stood at €3.6 billion at the end of 2006.

## ... and expansion in investment products and asset management

It is not incompatible to focus on returns and simultaneously take account of social and ecological criteria. On the contrary, sustainable capital investment products generate higher returns than conventional investments in many cases. HVB serves a growing group of customers comprising ecclesiastical investors, foundations and private investors who are looking to harmonise their return expectations with their values.

In recent years, HVB has created a portfolio of sustainable investment products. We offer investments from UniCredit's subsidiary Pioneer (formerly: Actinvest) and also enter into special arrangements with other fund and research service providers. Thus, we co-operate with oekom research AG, a prestigious rating and research agency, on a permanent basis:

- in sustainable asset management with First Flex (security accounts from €500,000 upwards)
- in the issuing of sustainability certificates on the HVB Sustainability Index (five certificates in issue in 2006)
- in Actinvest EcoTech, the oldest German environmental fund, which has ranked among the top performers in this sector for several years now.

## Sustainable banking operations: cost cutting and risk minimisation

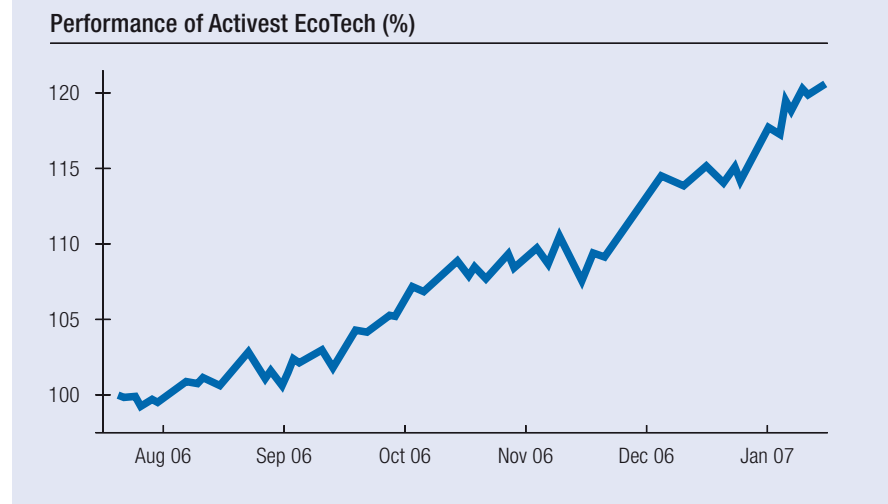
The ecological impact of banking operations lies primarily in the areas of building services, office operations, mobility, waste and procurement. The task at hand is to save on resources whilst also cutting costs and minimising risks.

Our environmental management system consistently optimises the consumption of energy, water and paper, including handling the waste that arises. One of our priorities is to avoid emissions, particularly of greenhouse gases, as well as reducing consumption levels. Environmentally aware construction which includes renewable energy and the creation of healthy interior environments are also key elements of our environmental management.

The reduction of emissions by restricting business trips is also an important concern for us. In recent years we have managed to significantly reduce the kilometres travelled per employee by switching to more environmentally compatible methods of transport and using modern means of communication such as video conferences.

As in other environmental issues, we rely on a large number of internal communication measures to encourage our employees to act in environmentally aware ways. This includes providing electronic tips, environmental guidelines and informative lectures at many internal events. We report extensively on our sustainable banking operations in our Sustainability Report. (Please refer to the Financial Calendar for ordering information.)

Our procurement system also complies with sustainability standards. When purchasing office and business equipment, selecting company cars or hiring service companies, HVB takes account not only of cost-effectiveness and functionality, but also social and ecological criteria. These factors are also decisive when selecting products and suppliers. In all major tenders and contracts, the suppliers are requested to complete standardised surveys providing information



Performance of Activest EcoTech fund (without front-end load)

on environmental management as well as social and labour issues, and to attach relevant documentation. Some of the questions involved are formulated as "minimum requirements" on topics such as avoiding child labour. This self-declaration is incorporated in the contract, should the supplier be awarded work.

**Social commitment: donation management, ...**

For years now, HVB has been supporting a large number of institutions, projects and initiatives which enrich the community. We promote numerous social institutions and cultural happenings, thus contributing towards social development in the regions where we operate.

On the social side, for example, we have been supporting charitable facilities, relief organisations, churches and schools for years. One example is our traditional Christmas donation: in December 2006 ten different organisations were chosen and the €100,000 in donations divided up between them. The organisations and facilities work in the fields of the vocational training and integration of disabled people, providing assistance in medical emergencies or social hardship, hospice work, development aid and the environment.

# Corporate Social Responsibility continued

## ... promotion of sustainability initiatives ...

We have been involved in sustainability initiatives at regional, national and international level for years.

- For example, we have participated in task forces such as the local Agenda 21 initiative and the Umwelt-Pakt Bayern.
- We are a member of the Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen (VFU), the Forum Nachhaltige Geldanlagen and the Arbeitskreis für Umweltbewusstes Management (BAUM).
- At international level, we participate in the Finance Initiative of the United Nations Environment Programme and are co-founder of the UNEPFI Regional Task Force in Central and Eastern Europe. This task force is responsible for promoting sustainability management in the financial sector of this region through conferences, best practice models, an Internet-based platform for environmental risk assessments and other initiatives.

## ... and commitment to art, culture and science

For a long time now, HypoVereinsbank has been promoting a large number of interests in the fields of the fine arts, culture and science.

With regard to the fine arts, our art collection comprises more than 25,000 works, which are on display to our customers and employees in our network of branches. In addition, we have made valuable paintings, including works by Goya and Boucher, accessible to the public by permanently lending them to top museums like the Alte Pinakothek in Munich.

The Kunsthalle run by the Hypo Foundation for Culture is one of the best known art exhibition halls in Germany and has already held about 70 exhibitions.

On the culture side, the Hypo Foundation for Culture has been supporting cultural institutions and projects since 1983. In addition, it is committed to the preservation of historic monuments and presents a highly regarded preservation award each year.

We also set standards as HypoVereinsbank in classical music. Not only are we one of the patrons of the huge festivals held in Bayreuth, Munich and Salzburg, we also support regional benefit concerts at locations where we maintain operations, such as the festival concerts in Rheingau, in Passau and Würzburg or the Richard-Strauss concerts in Garmisch-Partenkirchen. It is often possible to combine cultural sponsorship with social commitment, such as the benefit concert featuring the 12 cellists from the Berlin Philharmonic Orchestra held to support a children's hospital in Würzburg or the benefit

concert of "Yehudi Menuhin live music now" in Dresden. A further focal point of our music sponsorship involves promoting young talent. As chief sponsor we support one of the most important international opera singing competitions, the "Competizione dell'Opera" as we do the training of young talent at the Opera Academy at Gut Immling in Chiemgau.

In terms of science and education, for years we have been sponsoring universities and institutions such as the Stifterverband für die deutsche Wissenschaft (an association of donors to German science), the Deutsches Museum, the Ludwig Maximilian University and the Technical University in Munich. Moreover, HVB performs treasury functions for the fund-raising associations of the two universities in Munich, providing personnel and infrastructure for this purpose.

Sponsoring young people is a special interest of ours. The focal points are the "Förderpreis Deutscher Film" German film prize and the "Jugend kulturell" cultural sponsorship programme, which supports young artists with monetary prizes and opportunities to exhibit in our facilities, among other things. Moreover, we host the HVB Europe Concert with the European Youth Orchestra, which is sponsored by the EU.

### Outlook: expanding CSR management and the range of sustainable investments

Harmonising our CSR management system with that of UCI is one of our top priorities in 2007. The task here will be to intelligently pool the strengths of both sides.

CSR Management is designing a new concept for HVB's social responsibility jointly with the divisions and back offices. At the same time, the requirements, experience and concerns of UCI in areas such as donations, corporate volunteering and local activities will be included. By doing so, we will strengthen our profile as an international corporate citizen.

As in the past, HVB will highlight the issue of sustainability, for example, as part of the UN Decade of Education for Sustainable Development in co-operation with the city of Munich.

The prime objective of the Decade of Education is to enable citizens and groups to independently organise their lives and economic activities in a sustainable way. In setting up BenE, a regional centre of expertise, Munich became one of the 30 regional centres of excellence currently accredited worldwide for "Education for Sustainable Development" by the United Nations University in February 2007. The goals of BenE

supported by HVB are to network educational authorities and facilities, increase synergy potential and create joint packages of measures. In this connection HVB intends to set up the "BenE Netzwerk Wirtschaft" business network in April 2007 with other Munich-based companies.

We will also continue to develop our activities in our lending and investment business. This applies firstly to the Equator Principles and the field of renewable energy. But we will also endeavour to provide more product solutions for any investment volume and strengthen our marketing activities for sustainable investment products. We are also planning to issue two new sustainability certificates in the first quarter of 2007, which will enable us to fulfil our social responsibility in diverse ways. We will pool and significantly expand our activities in the field of climate protection and implement a climate strategy for HVB and UCI.

### Sustainability ratings and rankings 2006

RATING AGENCY/INVESTOR	RATING	SCALE	RANKING
Dow Jones Sustainability Indexes	listed		
FTSE4Good Europe/Global	listed		
Ethibel Sustainability Index			
Global/Europe	listed		
ASPI – Advanced Sustainable			
Performance Indices	listed		
oekom research (2005)	B–	A + to D–	4th out of 60 banks
scoris Dax 30 rating (2005)	69	1 to 100	8th out of 30 companies
Zürcher Kantonalbank (2005)	AA	AAA–C	