



COMMERZBANK

Public document

Policy Statement of Commerzbank AG

on human rights and environmental due diligence

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The bank at your side

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1 Introduction

International conventions stipulate a multitude of human rights. These have universal validity, are indivisible and inalienable. The conventions are addressed to states, which thus bear primary responsibility for the protection and enforcement of human rights. The preamble to the United Nations (UN) Universal Declaration of Human Rights calls on all actors in society, in addition to states, to contribute to guaranteeing these rights. Financial institutions are also expected to take responsibility for the protection of human rights.

We are aware of our corporate responsibility to respect human and environmental rights. Therefore, we are committed to respect them in our own business area and in our supply chain. Furthermore, we provide access to remedial measures for those affected by human rights and environmental law violations. In doing so, we oblige to comply with the international standards mentioned in the following paragraphs.

2 Obligations to International Standards

2.1 Commitments to International Human Rights Standards

We have been committed to the UN Global Compact since 2006 and are dedicated to complying with the following international standards:

- United Nations Universal Declaration of Human Rights
- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Economic, Social and Cultural Rights
- Declaration by the International Labour Organization (ILO) on Fundamental Principles and Rights at Work
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- Ten principles of the UN Global Compact
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- Diversity Charter

Since 2019, we have been setting out our understanding of human rights in “*Commerzbank's Position on Human Rights*” and have published it on our homepage for all stakeholders. This declaration incorporates Commerzbank's Code of Conduct as well.

At Commerzbank AG, we respect internationally recognised human rights and, within the framework of national laws, we consider particularly vulnerable groups. Based on the protected legal positions of the The Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) subgroups were identified whom Commerzbank AG regards as particularly vulnerable and for which an individual assessment is needed. This includes individuals who are partially resilient due to physical or other characteristics, experience social exclusion, are limitedly protected by state institutions, or find it difficult to make their concerns heard. These can include:

- Children
- Women
- Elderly
- Sick individuals and people with disabilities
- Affected groups / associations in a weak or unregulated environment
- People with limited access to education
- Members of national, ethnic, religious, or linguistic minorities
- People belonging to the LGBTIQ+ community (lesbian, gay, bisexual, transgender, intersex, queer, and non-binary)
- Employees in precarious or informal employment
- Whistleblowers
- People who perform functions in the works council
- Associations of persons (local associations)

In addition to the vulnerable groups identified based on the protected legal positions, the initial risk analysis defined the following other vulnerable groups:

- Shipping vessel crew
- Communities depending on fishing and tourism

2.2 Commitment to Environmental International Standards

Commerzbank's activities in our own business and supply chain can have an impact on the environment, which may directly or indirectly lead to human rights risks. The actions of companies and possibly associated environmental damages can lead to human right-related risks and may have direct or indirect adverse effects. We are

therefore committed to the following environmental standards in the supply chain:

- Minamata Convention on Mercury of 10 October 2013 (Minamata Convention)
- Stockholm Convention on Persistent Organic Pollutants of 23 May 2001 (POPs Convention), as last amended by the Decision of 6 May 2005
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989, as last amended by the Third Regulation amending Annexes to the Basel Convention of 22 March 1989 of 6 May 2014

For more information on sustainability, please refer to Commerzbank's Environment, Social and Governance (ESG) framework.

2.3. Obligation to Observe Risks Within the Framework of the LkSG

From 2023, the Supply Chain Due Diligence Act (LkSG) will apply. It requires companies to implement corporate due diligence obligations in their supply chains in a manner appropriate to the type and scope of their business activities, defining human rights and environmental risks (hereinafter referred to as "LkSG risks").

Prohibition of child labour

Commerzbank condemns any form of child labour in accordance with the relevant ILO core labour standards. The Bank opposes all forms of child trafficking, child prostitution and other practices that violate children's rights and endanger their freedom and development through harmful working conditions.

Prohibition of forced labour and all forms of slavery

In accordance with the ILO core labour standards, we reject the use of forced labour, compulsory labour and (modern) slavery in the sense of the LkSG. These also include the prohibition of forced labour for political re-education, debt bondage, servitude, human trafficking, as well as the sexual exploitation or humiliation of all participants in the supply and value chain.

Prohibition of discrimination

We do not tolerate any discrimination or inequality treatment based on nationality, ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion, or belief in the workplace, on social media or on any other public platforms.

Appropriate remuneration for work performance

Commerzbank follows the principle of equal pay for equal value work. This includes appropriate and timely remuneration that enables employees to secure or maintain their livelihoods. The remuneration must also correspond at least to the statutory minimum wage of the respective country and, to the legally guaranteed minimum wages or standards of the respective economic sectors if available.

Protection of labour rights and occupational safety

The protection and promotion of the health of our employees have the highest priority for us. We consistently comply with the applicable occupational health and safety laws and set our own standards to improve occupational safety. Universally applicable safety standards ensure uniform observance of occupational safety regarding location, workplace, and work equipment provided.

Respect for the right to form a coalition, association and collective action

Commerzbank recognises the right to freedom of association. These include the right of workers to form a trade union, to join a trade union, and the right to strike and collective bargaining.

Lawful use of private and public security forces

Regardless of whether we use our own security service or an external security service, we ensure that it respects human rights and does not act unlawfully. This includes the prohibition of torture and unlawful humiliating treatment, the right to the integrity of life and limb, and the maintenance of freedom of association and union.

Protection of land rights

Commerzbank condemns any kind of deprivation of land which is unlawful and violating human rights. Be it forced eviction or the deprivation of land, forests, and waters for one's own benefit, that may lead to communities and individuals losing their livelihoods.

Protection of environmental rights

We believe that human rights and environmental rights are closely intertwined. Therefore, it is important to signal the relevance of environmental protection. Any form of damage and destruction of the environment by individuals or companies is strongly condemned.

3 Risk Management

We take on this responsibility. This Policy Statement relates to our supply chain and our own business area. The supply chain within the meaning of the LkSG refers to all products and services of a company. It includes all steps in Germany and abroad that are necessary for the manufacture of the products and the provision of services, from the extraction of raw materials to delivery to the end customer.

The company's own business area within the meaning of the LkSG covers every activity of the company to achieve the corporate goal. This refers to any activity for the manufacture and exploitation of products or the provision of services, regardless of whether it is carried out at a location in Germany or abroad. In affiliated companies, the parent company's own business area includes a subsidiary if the parent company exercises decisive influence over the subsidiary.

This Policy Statement details the actions mentioned in our Position on Human Rights for the supply chain and our own business area as prescribed by the LkSG. It also complements our commitment to implementing environment-related requirements. The Policy Statement was adopted by the Board of Managing Directors of Commerzbank AG in its current form at its meeting on September 12, 2023 and applies to Commerzbank AG.

Respect for human rights and the implementation of corporate due diligence obligations in our own business area and supply chain is an important contribution to improving the human rights and environmental situation along the global supply chains of the banking sector. We gladly accept this challenge.

At the same time, we see this as an ongoing process. The implementation of human rights and environmental due diligence obligations depends on changing framework conditions, our business activities, and the size and structure of our company. This dependency is constantly reviewed, and our due diligence obligations are continuously developed.

To take account of the protected legal positions, we have established appropriate and effective risk management and implemented it in all relevant business processes.

It is important to note that the identification and evaluation of LkSG risks are carried out from the perspective of (potentially) affected persons.

The Board of Managing Directors of Commerzbank is responsible for this topic as well as protection and

enforcement of human rights. In 2022, an Officer for Human Rights was appointed to assume the responsibilities arising from the LkSG. The Chief Compliance Officer (CCO) assumes this important and responsible task. In this function the CCO reports directly to the Chief Risk Officer. The Compliance Organisation supports the Officer for Human Rights in his activities. The Board of Managing Directors is additionally supported by other business areas to record human rights standards at Commerzbank as holistically as possible.

4 Description of the Risk Analysis Including Identified LkSG Risks

We consider it part of our due diligence obligations to be aware of potential and adverse LkSG risks and effects of our actions on individuals and the environment along the entire supply chain. For this reason, in the future we will conduct annual risk analyses of LkSG risks in our own business area as well as regarding our direct suppliers. In addition, it may be necessary to carry out event-related risk analyses if we reckon with a significantly changed or expanded risk situation in the supply chain related to new products, projects, or a new business area.

The first step to identify a risk situation, LkSG risks are assessed within the framework of the so-called abstract risk analysis based on country- and industry-specific risk data. This represents the assessment of the probability parameter for the violation of human rights and environmental risks.

In the next step, those own business areas, and suppliers for which an increased risk of a human rights or environmental violation has been determined are assessed in more detail.

In the initial risk analysis, risks were identified in our own business area and at direct suppliers, most of which can be assigned to the following risk groups:

- Disregard for occupational health and safety and work-related health hazards
- Failure to respect freedom of association, right to organise, and collective action
- Violation of the prohibition of unequal treatment in employment, disregard for occupational

health and safety and work-related health hazards

- Violation of the prohibition of withholding a reasonable wage
- Destruction of the natural basis of life by environmental pollution

5 Expectations of Employees and Suppliers Regarding LkSG Risks

We have the following expectations of our employees and suppliers regarding human rights and environmental due diligence obligations.

5.1 Employees

We respect and promote the human rights of our employees. Most Commerzbank employees work in member states of the European Union (around 96 percent as of October 2022). In addition, we set out Commerzbank's understanding of human rights and our commitment to comply with them in our Code of Conduct for our employees worldwide. This Code of Conduct is part of Commerzbank's corporate culture and documents the commitment to integrity in action. It clarifies existing rules of conduct, regarding human rights as well. The Code of Conduct applies without exception to all our employees – from corporate management to trainees.

We consider it an important part of our due diligence obligations to sensitize our employees to respect human and environmental rights and to impart the necessary expertise for the effective implementation of human and environmental due diligence processes. To support the latter, trainings will be organised, and corresponding requirements will be implemented in our policies and procedures.

5.2 Suppliers

In the selection of our suppliers, we respect and promote human and environmental rights within the scope of our possibilities. 90% of our suppliers are in EU member states, the UK, and other European countries, and 4% in the United States which operate in the service sector.

In our Code of Conduct, we set out Commerzbank's understanding of human rights for our suppliers worldwide,

and our commitment to comply with them. Our procurement standards clearly regulate the environmental, social, and ethical requirements for suppliers. As a result, we expect suppliers to ensure that they comply with specific human rights and environmental requirements and, in turn, to oblige their own suppliers to comply with the corresponding requirements. Violations of these standards by a supplier can lead to the termination of the business relationship.

6 Preventive and Remedial Measures

To live up to our responsibility respecting human and environmental rights, we rely on the interaction of various appropriate preventive and remedial measures. The aim is to protect those (potentially) affected and to identify, prevent and/or minimise adverse human and environmental impacts on them. Relevant preventive measures in the company's own business area are:

- Publication and implementation of this Policy Statement
- Designation of an Officer for Human Rights to monitor the risk management
- Compliance with our Code of Conduct
- Further training and sensitization of employees
- Implementation of risk-based control measures
- Enforcement of a sanction for violations
- Implementation of our standard for sustainable procurement

In addition, we implement appropriate preventive measures at direct suppliers. These are:

- Consideration of human rights and environmental requirements in the selection of new suppliers and their contractual assurance
- Obtaining a policy statement or similar document
- Contractual clause for suppliers
- Training and further education to enforce the contractual assurances
- Risk-based control measures

In the future, we will review the effectiveness of our measures to prevent and minimize adverse effects from LkSG risks on an annual and an ad hoc basis. In addition, we check whether our specifications are adhered to.

If we, as a company, have (co-)caused the violation of human and environmental rights, we shall immediately work towards preventing or ending the causative actions,

minimizing their extent, and work towards making amends.

7 Complaints Procedure and Handling of Incoming Complaints

An appropriate and effective complaints mechanism (alternatively whistleblowing) is an important part of our due diligence processes to effectively prevent and remedy potential adverse human rights and environmental impacts in our own business and supply chain. Therefore, we have aligned our whistleblowing system *Business Keeper Monitoring System (BKMS)* with the requirements of the LkSG. In addition to the established contact channels through this online online whistleblowing platform employees, suppliers, and third parties can provide information to the Commerzbank Group.

It provides a confidential communication channel to report possible violations of human and environmental rights. Access to the whistleblowing system is communicated appropriately. Reports can also be made in anonymous form and are possible both from inside and outside the company.

All reported indications and reasonable suspicions about possible violations of human and environmental rights are processed within the framework of a transparent, balanced, and predictable process for all parties involved. The confidentiality and anonymity of whistleblowers is respected. We guarantee, as far as possible and within our sphere of influence, that they are protected from discrimination and punishment in connection with the complaints they submit. Our systematic handling of complaints and the knowledge gained from them enables us to continuously improve our human and environmental due diligence processes. This approach can be found in our publicly accessible Code of Procedure – Complaints Process.

8 Documentation and Reporting

We will document the implementation of our due diligence obligations internally accordingly.

We provide external information as part of our annual reporting. In the non-financial report as part of our Annual Report, we inform the public about our human rights commitments as well as due diligence processes and their effectiveness. We inform annually on developments and improvements in the field of human rights in our progress report of the UN Global Compact.

We report on significant human rights and environmental risks and impacts through actions in our business and supply chain and describe the implemented preventive and remedial measures. In accordance with legal requirements, we will also publish the answered questionnaire of the Federal Office for Economic Affairs and Export Control (BAFA) on our website after the end of the respective financial year.

9 Efficacy Control

The effectiveness of all LkSG-relevant due diligence processes is reviewed at least once a year and on an ad hoc basis to identify, prevent, eliminate, or mitigate any adverse human rights or environmental impacts.

This Policy Statement is continuously reviewed and revised as necessary. The respective valid declaration as well as information on other positions, reports and guidelines of Commerzbank can be found on our website.

10 Appendix

10.1 List of Abbreviations and Glossary

10.1.1 List of Abbreviations

BAFA	Federal Office for Economic Affairs and Export Control
EU	European Union
GRI	Global Reporting Initiative
ILO	International Labour Organization
LGBTIQ+	lesbian, gay, bisexual, transgender, intersex, queer, non-binary
LkSG	Supply Chain Due Diligence Act
OECD	Organisation for Economic Co-operation and Development
PLG	Peer Learning Group
POP	Persistent Organic Pollutants
SDGs	Sustainable Development Goals
UN	United Nations
UNGP	United Nations Guiding Principles

10.1.2 Glossary

Basel Convention

The Basel Convention of 22 March 1989 (full title: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal) is a legal instrument regulating the "control of transboundary movements of hazardous wastes and their disposal".

Code of Conduct

The Code of Conduct summarizes our self-understanding of ethically and morally impeccable behaviour. They structure important regulations thematically and are at the same time the Bank's commitment to abide by the rules. The Code of Conduct goes beyond legal and regulatory requirements.

Commerzbank's Position on Human Rights

In our Position on Human Rights, we are committed to respecting human rights and want to contribute to their promotion and protection within the scope of our influence, for example in dealing with employees, suppliers, and customers.

Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work

With the "ILO Declaration on Fundamental Principles and Rights at Work", the ILO core labour standards have been given the status of human rights and thus have universal validity, regardless of whether member states have ratified the standards.

Discrimination

By this we mean the use of categories (such as social origin, gender, skin colour, religious affiliation) to produce, explain and justify unequal treatment.

Due Diligence

Due diligence refers to a company's obligations to prevent or minimise human rights and environmental risks or to put an end to violations of human rights or environmental obligations within its own business operations and in the supply chain.

Employees

All employees of Commerzbank, including the Board of Managing Directors and management boards, trainees as well as all short-term employees such as interns or working students.

ESG Framework

With the help of the ESG framework, we disclose all key building blocks of the sustainability strategy and make sustainability a central performance indicator. It is continuously updated to reflect both regulatory developments and our own progress.

Groups Particularly Worthy of Protection

These are defined as persons or groups of persons who are particularly susceptible to the negative human rights effects of a business activity. The persons or groups of persons can also be particularly worthy of protection if they cannot cope with negative human rights effects or only with difficulty.

Human Rights

The internationally accepted human rights norms, including the Universal Declaration of Human Rights, the International Covenant on Civil and Monetary Affairs and political rights, the International Covenant on Economic, Social and Cultural Rights and the core labour standards of the International Labour Organisation count.

International Labour Organization (ILO)

This is the oldest specialized agency of the United Nations with headquarters in Geneva. The ILO pursues the objectives of promoting decent work, social protection and strengthening social dialogue. It is responsible for

developing, formulating, and enforcing binding international labour and social standards.

LkSG Risks

These are human rights and environmental risks defined by the LkSG (Supply Chain Due Diligence Act).

Minamata Convention

The Environmental Convention has been signed by more than 130 states since 10 October 2013 and entered into force on 16 August 2017. Its aim is to ensure the protection of human health and the environment from anthropogenic emissions and from the release of mercury and mercury compounds into air, water, and soil. The agreement covers the entire life cycle of mercury - from primary mercury mining to the disposal of mercury waste.

OECD Due Diligence Guide for Responsible Business Conduct

The guide supports companies in the implementation of the OECD Guidelines for Multinational Enterprises in a practical manner by providing comprehensible explanations of the due diligence recommendations and the related provisions of the Guidelines.

OECD/OECD Guidelines for Multinational Enterprises

The Organisation for Economic Co-operation and Development (OECD), based in Paris, is an international organisation with 37 member states committed to democracy and a market economy. The OECD Guidelines for Multinational Enterprises contain recommendations to companies for sustainable business practices in the areas of transparency, working conditions, environment, corruption, consumer protection, reporting, technology transfer, competition, and taxation.

Own Business Area

The company's own business area within the meaning of the LkSG covers every activity of the company to achieve the corporate goal. This covers all activities for the manufacture and exploitation of products and the provision of services, regardless of whether they are carried out at a location in Germany or abroad: In affiliated companies, the parent company's own business area includes a group company if the parent company exercises decisive influence on the group company.

Peer Learning Group Human Rights (PLG) of the German Global Compact Network

The PLG Business and Human Rights deals with deeper issues regarding the implementation of human rights due diligence and consists of 10 to 15 companies from

various industries. The aim of PLG is to support the participating companies in the further development of their human rights due diligence processes and to create a space for a trusting exchange of experience on concrete challenges.

Preventive Measures

These are measures such as training and controls that are taken when a risk has been identified.

Remedial Measures

Remedial measures are immediate measures that have to be taken by an undertaking to prevent, terminate or minimise the extent of an already identified or imminent breach of a human rights or environmental obligation in its own business, at a direct supplier or at an indirect supplier.

Risk Analysis

Identification and assessment of all actual or potential adverse human rights impacts in which Commerzbank is involved, either within its own business area or through its supply chain, carried out to assess human rights and environmental risks.

Stakeholder

Stakeholders are individuals or organizations that actually or potentially influence or are actually or potentially influenced by our business activities and decisions.

Stockholm Convention

The aim of the Stockholm Convention of 2001 is to protect human health and the environment from persistent organic pollutants ("persistent organic pollutants" = POPs).

Supplier (direct/indirect)

A direct supplier within the meaning of the LkSG is a partner to a contract for the supply of goods or the provision of services whose supplies are necessary for the production of the enterprise's product or for the provision and use of the relevant service. An indirect supplier within the meaning of the LkSG is any enterprise which is not a direct supplier and whose supplies are necessary for the production of the enterprise's product or for the provision and use of the relevant service. These are usually contractual partners of the direct suppliers.

Supply Chain

The supply chain within the meaning of the LkSG refers to all products and services of a company. It covers all steps in Germany and abroad that are necessary for the manufacture of the products and the provision of services, from the extraction of the raw materials to the delivery to the end customer and covers: 1. the actions of a

company in its own business area, 2. the actions of a direct supplier and 3. the actions of an indirect supplier.

Supply Chain Due Diligence Act (LkSG)

The LkSG is the Law on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains of July 16, 2021, which entered into force on January 01, 2023.

UN Global Compact

This is the United Nations initiative for responsible corporate governance. Based on ten universal principles on human rights, labour standards, the environment, corruption prevention and the Sustainable Development Goals, the Global Compact pursues the vision of an inclusive and sustainable global economy.

United Nations Guiding Principles on Business and Human Rights (UNGPs)

The United Nations Guiding Principles on Business and Human Rights were unanimously endorsed by the Human Rights Council in 2011. These are based on three pillars: 1. the duty of states to protect human rights, 2. the duty of companies to respect human rights and 3. the right to redress in the event of human rights violations suffered by economic actors.

United Nations International Covenant on Civil and Political Rights

The International Covenant on Civil and Political Rights was adopted jointly with the United Nations International Covenant on Economic, Social and Cultural Rights in 1966 and entered into force in 1976. The Covenant guarantees protection and freedoms, including the rights to life and physical integrity, protection against torture, slavery and state arbitrariness, gender equality and the rights to freedom of thought, religion and belief, expression, assembly, and association. The Covenant protects the rights of minorities and formulates a general ban on discrimination.

United Nations International Covenant on Economic, Social and Cultural Rights

The International Covenant on Economic, Social and Cultural Rights was adopted by the United Nations General Assembly in 1966 together with the International Covenant on Civil and Political Rights. The Covenant contains economic, social, and cultural rights and provides for the gradual implementation of these rights. States parties must exhaust all possibilities to progressively realize rights for all. As a supervisory body, the UN Social Covenant Committee monitors compliance with the Pact.

UN Sustainable Development Goals

The 2030 Agenda, with its 17 Sustainable Development Goals (SDGs), is a global plan to promote sustainable peace and prosperity and protect our planet.

United Nations Universal Declaration of Human Rights

Resolution of the United Nations General Assembly of 10 December 1948 without legal effect. The Universal Declaration of Human Rights contains the fundamental, inalienable rights inherent in all human beings from birth and forms part of the International Charter of Human Rights.

10.2 Cross-references

10.2.1 International Standards

- [Universal Declaration of Human Rights](#)
- [International Covenant on Civil and Political Rights](#)
- [International Covenant on Economic, Social and Cultural Rights](#)
- [Declaration by the International Labour Organization \(ILO\) on Fundamental Principles and Rights at Work](#)
- [United Nations Guiding Principles on Business and Human Rights \(UNGP\)](#)
- [10 principles of the UN Global Compact](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)

10.2.2 Commerzbank Documents

- [Commerzbank's Position on Human Rights](#)
- [ESG Framework](#)
- [Sustainability Report](#)
- [Code of Conduct](#)
- [Sustainable procurement](#)
- [Whistleblowing system](#)
- [Code of Procedure – Complaints Process](#)



COMMERZBANK

Commerzbank AG

Headquarters

Kaiserplatz

Frankfurt am Main

www.commerzbank.de

Mailing address

60261 Frankfurt am Main, Germany

Phone + 49 69 136-20

Email info@commerzbank.com

Group Risk Management Compliance

