



UNEP Finance Initiative

Principles for Responsible Banking

Reporting and Self-Assessment

June 2023



Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Commerzbank is the leading bank for SMEs (the Mittelstand) and a partner to some 26,000 corporate client groups and almost 11 million private and small-business customers in Germany. The Bank offers a comprehensive portfolio of financial services in two business segments – Private and Small-Business Customers and Corporate Clients.

In its corporate client business, Commerzbank focuses on German SMEs, large companies and institutional customers. In international business, the Bank supports customers who have business links with Germany and companies in selected future-oriented sectors. In the Private and Small-Business Customers segment, the Bank serves its customers through the Commerzbank and comdirect brands: via online and mobile channels, in the advisory centre and in person at a local level. The Polish subsidiary mBank is an innovative digital bank. It serves around 5.7 million private and small-business customers, mainly in Poland but also in the Czech Republic and Slovakia.

The Commerzbank Group recorded an operating profit of €2,099m for the year under review, compared with €1,183m in the previous year. The consolidated profit attributable to Commerzbank shareholders and investors in additional equity components for the period under review was €1,435m.

The corporate success of the Commerzbank Group is based on qualified and motivated employees. Our 41,909 colleagues worldwide contributed their knowledge and experience to our work processes in 2022.

Annual Report

- *Basis of the Commerzbank Group (page 75)*
- *Economic report (page 81ff.)*

Non-financial Report

- *Leading by example (page 63)*

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD & non-financial report (CSR RuC)
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: see approaches in the [ESG-Framework](#)
 None of the above

Our net zero commitment – i.e. the promise to reduce our carbon footprint to net zero – is a key example of how we as a financial intermediary drive sustainability. We follow binding rules for dealing with environmental and social risks, which we continuously review and adapt as necessary. We have a clear stance on controversial topics such as fossil fuels, arms and mining.

In the ESG framework that was published in 2022, we disclose all the key building blocks of our sustainability strategy and transparently explain how we manage sustainability in our core business.

The objectives for us are to achieve the United Nations Sustainable Development Goals (SDGs) and the Paris climate target of limiting global warming to well below 2°C. To this end, we are constantly expanding our range of innovative, environmentally friendly products and our sustainable solutions for customers. We are also steadily driving forward the sustainable transformation of our banking operations. Our sustainability strategy is grounded in our commitment to combating climate change, to which our net zero targets will make a significant contribution. In addition, we are increasingly addressing issues that are moving into the focus of the sustainability debate, such as biodiversity protection and a resource-conserving circular economy. We will have to find strategic solutions to these issues in conjunction with our customers.

Our commitment to sustainable transformation is also made clear by our voluntary undertakings. For example, we were one of the first signatories of the Net-Zero Banking Alliance of the United Nations Environment Programme Finance Initiative (UNEP FI). In 2022, we also joined the Biodiversity in Good Company initiative, underlining our determination to make an active contribution to protecting biodiversity and species diversity.

As a signatory to the UN PRI, the Asset Management unit at Commerzbank Aktiengesellschaft is committed to making responsible investment decisions.

An overview of our memberships and initiatives can be found on our website.

Non-financial Report

- *Taking responsibility (page 43ff.)*
- *Supporting the customer transformation (page 58)*

Other

- [Memberships & Initiative](#)
- [Commerzbank's Position on Human Rights](#)
- [ESG Framework](#)

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Materiality Analysis

At the beginning of 2022, we identified the sustainability issues most relevant to us via a new materiality analysis. This analysis shows us which topics we need to pursue strategically as a matter of priority. A list of potential sustainability topics was analysed in collaboration with external partners, applying two materiality perspectives. An exposure analysis was conducted to measure the "impact perspective". This analysis built on the Bank's internal financial and risk data and proven sustainability indicators to determine "sustainability hotspots". These are in countries and sectors where Commerzbank is particularly active, both directly and indirectly, for example through financing, and where sustainability indicators in the defined areas are significantly below average. The "business perspective" – i.e. the question of how high the opportunities and risks of these sustainability issues are for business success – was established in a management workshop.

Portfolio steering – SBTi Approach

We are pursuing the strategic goal of reducing the CO2 emissions of our entire loan and investment portfolio to net zero by 2050. To this end, we analysed the carbon intensity of Commerzbank Aktiengesellschaft's loan portfolio in 2022 using sector-specific target values in accordance with the Paris Agreement. Our methodology is guided by the Science Based Targets initiative (SBTi), which strives to reduce greenhouse gases by applying scientifically calculated targets. This enables companies to align

Non-financial Report

- *Anchoring sustainability in our strategy (page 46)*
- *Responsible management (page 50)*

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>their climate policy with the goals of the Paris Agreement and effectively counteract climate change.</p>	
<p>b) <u>Portfolio composition:</u> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.</p>	
<p>In the 2022 reporting year, emissions intensity reduction targets were formulated for portfolios validated under the SBTi, with a focus on emissions intensive sectors (see 2.1c and 2.1d for details). The portfolio targets are published in our ESG framework. Further information on the portfolio breakdown can also be found in our CRR Disclosure Report.</p>	<p><u>Non-financial Report</u></p> <ul style="list-style-type: none"> • <i>Responsible management (page 50ff.)</i> <p><u>CRR Report:</u></p> <ul style="list-style-type: none"> • <i>Annex 4</i> <p><u>ESG framework</u></p>

<p>c) <u>Context:</u> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank’s portfolio impacts into the context of society’s needs.</i></p>	
<p><u>Materiality Analysis</u></p> <p>Through our materiality analysis, nine topics have consequently been identified as material. They relate to all three sustainability dimensions – environmental, social and governance – and will form the future focus of our sustainability management activities. Climate change continues to have the highest relevance for the Bank. At the same time, topics such as biodiversity and circular solutions have become more important than in previous materiality analyses, so we are now addressing these more closely.</p> <p>To apply the materiality analysis in the Bank’s operations, the results were incorporated into the annual Bank-wide strategy process and discussed at the level of the Board of Managing Directors. Our reporting in this non-financial report is also geared to the new materiality analysis.</p>	<p><u>Non-financial Report</u></p> <ul style="list-style-type: none"> • <i>Responsible management (page 50/53)</i>

³ ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Portfolio steering - SBTi Approach

Using the SBTi method “Sectoral Decarbonisation Approach” (SDA), we have set sectorspecific goals with a view to reducing the CO2 emissions associated with our loan and investment portfolio (known as “financed emissions”) and ultimately meeting our net zero target. We aim to manage all portfolios highlighted as requiring attention in the SBTi method, with a particular focus on emissions intensive sectors. These include power generation, fossil fuels, automotive manufacturing, and the production of cement, iron and steel. We will also consider the private residential mortgage loan portfolio, which is deemed optional in the SBTi analysis.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Nine topics have been identified as material:

Results matrix for the materiality analysis



Non-financial Report

- *Anchoring sustainability in our strategy (page 46)*
- *Responsible management (page 50)*

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

The portfolio targets according to the SBTi are published in the ESG framework, and the status of target achievement is regularly updated there. Our ambition is to support companies in the real economy in their transition process and to sustainably reduce emissions.

The table below sets out the CO2 reduction paths that we have defined for the period to 2030, broken down by sector. The percentage reductions derive from the applicable emission intensity for the baseline year 2021 and the targets for 2030. The emissions intensities were calculated using the loan transactions and investments that were actually carried out and are relevant for the balance sheet. The SBTi also requires minimum levels of portfolio coverage, which we have also shown in the interests of transparency.

Asset class	Sectors	CO ₂ reduction paths for the period to 2030	SBTi minimum coverage	Utilisation
Consumer loans	Residential mortgage loans	57% (1.5°) 2021: 46 kg CO ₂ /m ² 2030: 20 kg CO ₂ /m ²	Optional	€94bn
Project financing/ corporate loans and investments	Energy	74% (1.5°) 2021: 91g CO ₂ /kWh 2030: 24g CO ₂ /kWh	100% of kWh	€7.4bn
Corporate loans	Commercial real estate, commercial use	68% (1.5°) 2021: 91 kg CO ₂ /m ² 2030: 30 kg CO ₂ /m ²	> 67% of m ²	€8.3bn
	Commercial real estate, residential use	57% (1.5°) 2021: 36 kg CO ₂ /m ² 2030: 16 kg CO ₂ /m ²		
	Iron and steel	37% (1.8°) 2021: 1.6t CO ₂ /t steel 2030: 1.0t CO ₂ /t steel		€0.4bn
	Cement	20% (1.8°) 2021: 0.6t CO ₂ /t cement 2030: 0.5t CO ₂ /t cement	> 67% in total	€0.2bn
Corporate loans and investments	Automotive manufacturing	31% (1.8°) 2021: 162g CO ₂ /pkm 2030: 111g CO ₂ /pkm		€0.3bn
	Aviation ¹	22% (1.8°) 2021: 781g CO ₂ /tkm 2030: 611g CO ₂ /tkm		€1.8bn
Around 85% of financed emissions are covered by the sector specific SBTi targets				

¹ The SDA target for aviation does not yet form part of the SBA validation. This is because the SBTi's aviation SDA methodology is currently only designed for the real economy and not yet approved for financial institutions.

[Non-financial Report](#)

- *Responsible management (page 51)*

[ESG framework](#)

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Please see 2.1c for the result matrix of our materiality analysis

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁶ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Our net zero commitment is at the heart of our sustainability strategy adopted by the Board of Managing Directors. The strategy to achieve this vision rests on two pillars: we support our customers in their sustainable transformations and set a good example ourselves. We are pursuing this by means of three ambitious net zero targets:

Net-Zero Targets

KPI 1

By 2050 we are aiming for net zero CO₂ emissions from our entire lending and investment portfolio.

KPI 2

We plan to reduce the CO₂ emissions of our own banking operations to net zero as early as 2040.

KPI 3

By 2025, we will mobilise €300bn for sustainable financial products.

Biodiversity

We are currently working on a biodiversity client engagement target. This objective will be nature-related and should be defined and communicated at the latest for the 2023 report.

Moreover we also addressed the topic of diversity strategically and set a diversity goal:

Women in Leadership positions

Commerzbank aims to increase the proportion of women in leadership positions. Our Board of Managing Directors has set a new goal of 40% across all management levels (management levels 1–4 and level-5 project managers) by the end of 2030.

Non-financial Report

- *Anchoring sustainability in our strategy (page 47)*
- *Leading by example (page 66)*

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
Climate change mitigation	A.1.2	KP1 – Net Zero Portfolio by 2050
	n.a.	KP2 – Net zero emissions from its own banking operations by 2040
	A.3.1	KP3 – €300bn for sustainable financial products by 2025

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
Women in leadership position	n.a.	40% across all management levels by the end of 2030

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
Biodiversity	n.a.	In Progress

Non-financial Report

- *Anchoring sustainability in our strategy (page 47)*
- *Leading by example (page 66)*

Other:

- *Annex*

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Our objectives relate to the main topics defined in 2.1 (results of our materiality analysis).

Net-Zero Targets

KPI 1

By 2050 we are aiming for net zero CO2 emissions from our entire lending and investment portfolio. To measure progress reliably, we use CO2 reduction targets from the Science Based Targets initiative (SBTi). Using this method, we plan to manage our portfolios also in line with the Paris Climate Agreement from 2025 at the latest.

KPI 2

We plan to reduce the CO2 emissions of our own banking operations to net zero as early as 2040. By 2025, greenhouse gas emissions at Commerzbank Aktiengesellschaft are to be reduced by a further 30% compared with 2018. We expect our suppliers to be climate-neutral by 2040.

KPI 3

By 2025, we will mobilise €300bn for sustainable financial products. These products represent our sustainable business volume, with €100bn attributable to the Private and Small-Business Customers segment and €200bn to the Corporate Clients segment. They include lending products such as green mortgage loans and financing for renewable energy, along with investment and capital market products such as sustainable securities and ESG-linked loans. In the ESG framework, we disclose the criteria we use to classify financial products as sustainable and transparently describe the composition of the sustainable business volume. In view of the evolving EU Taxonomy Regulation and the new requirements under the Corporate Sustainability Reporting Directive (CSRD) that will apply from the reporting year 2024 onwards, we will realign the sustainable business volume target accordingly. We will also further expand the range of sustainable products offered in our business divisions.

Non-financial Report

- *Anchoring sustainability in our strategy (page 47)*
- *Leading by example (page 66)*

ESG framework

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p><u>Biodiversity</u></p> <p>We are currently working on a nature-related target. In order to support the target setting process, we participate in the PRB UNEP FI nature target setting working group.</p> <p><u>Women in leadership positions</u></p> <p>40% across all management levels by the end of 2030 (see Non-financial Report for details).</p>	
<p>d) <u>Action plan:</u> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p>Our sustainability strategy is implemented through the overarching strategic initiative Sustainability 360°. The customer segments, Risk Management and numerous other relevant Group divisions are involved in the Group-wide initiative, as is Commerz Real. The programme represents an overarching framework for all sustainability activities and ensures that cross-cutting issues are closely joined up, a coordinated approach is taken and tracking is strict. A steering committee consisting of members of the top management of the relevant divisions monitors progress every two months. The status of the programme is regularly reported to the Board of Managing Directors.</p> <p>Our non-financial report provides a selection of achieved milestones in 2022.</p> <p>Please see also “2.3 Target Implementation and monitoring” for further details on our target achievement</p>	<p><u>Non-financial Report</u></p> <ul style="list-style-type: none"> • <i>Taking responsibility (page 43)</i> • <i>Anchoring sustainability in our strategy (page 47)</i>

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: Net-Zero Targets	... second area of most significant impact: Biodiversity	...your third (and subsequent) area(s) of impact: Women in leadership positions
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Net-Zero Targets

KPI 1

The status of target achievement is regularly ascertained and reported internally and externally. Publication of the status for this target – managing the portfolio based on CO₂, working towards net zero – is planned from the next reporting year. The Group Sustainability Board, chaired by the Chairman of the Board of Managing Directors, reviews the progress towards these three strategic sustainability targets.

KPI 2

We aim to bring our own bank emissions to net zero by 2040 the latest. That is the why we continuously review the energy efficiency of our buildings using defined energy performance indicators. We have succeeded in reducing the electricity consumption measure for the space we lease in the Lateral Towers from 104kWh/m² in 2018 to 72kWh/m² in 2022. Following this positive experience, we have also put such software into operation at other sites and are continuously examining implementation in further buildings. In addition, special attention is paid to making travel activities as environmentally friendly as possible and thus preventing CO₂ emissions. The business travel policy therefore envisages rail as the preferred means of transport. This also means avoiding air travel wherever possible. The Bank subsidises electric vehicles in its car leasing schemes. In addition, Commerzbank pays its employees in Germany a monthly mobility allowance of €20 for commuting by public transport and provides support for another climate-friendly alternative via cycling initiatives. Key figure: In 2022, Commerzbank Aktiengesellschaft generated 78,402 tonnes of CO₂-equivalent total emissions. This is slightly higher than in 2021, which was heavily impacted by coronavirus measures, but well below the emissions of previous years. The reasons for this include technical adaptations for energy efficiency in building management and changes in occupational mobility, as well as site closures and job reductions over the

Non-financial Report

- *Anchoring sustainability in our strategy (page 47ff.)*
- *Leading by example (page 62/71)*

past two years. These measures will continue to have an effect even after the coronavirus restrictions have come to an end.

We had set ourselves the goal of reducing our greenhouse gas emissions by 30% by 2025 (relative to the base year 2018). We in fact achieved this goal in 2022, with our CO₂-equivalent emissions of 78,402 tonnes equating to a decrease of 34.9%. Achieving our 2025 climate target early motivates us to define a new, medium-term climate target as the next step towards our commitment of net zero by 2040.

We have been offsetting Commerzbank Aktiengesellschaft's currently unavoidable emissions in Germany since 2015, and globally since 2021. The Bank thus operates in a mathematically climate-neutral manner.

KPI 3

By the end of 2022, Commerzbank Aktiengesellschaft had mobilised €246.5bn for sustainable financial products, out of a target of €300bn by the end of 2025. There was a strong increase in 2022 for ESG-/ Sustainability-linked loans and promissory note loans in particular to €107.9bn. This also includes syndicated loans amounting to €103.8bn (Loan commitments from Commerzbank around 7%).

A detailed overview of all products contributing to this goal can be found at the end of our non-financial report.

Biodiversity

Since we are currently developing a goal that we define in 2023, we will be publishing an update in the upcoming report.

Women in leadership positions

At the end of 2022, 35.0% of management positions across the Group were held by women.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

For us, product transparency and fairness towards our customers mean providing holistic and comprehensible advice on financial products, their risks and possible alternatives in accordance with long-term needs. This also includes documenting the advisory process in transparent fashion. In recent years, we have introduced new products and services with particular customer benefits. These include a green ecosystem, green mortgage loans and the new "money mate" investment solution. All units of the Group get their customers actively involved. Experts communicate with customers through various channels to ensure that their ideas and suggestions are taken into account when developing products and services. The Commerzbank Aktiengesellschaft UX Studio supports this process with insights into users' needs and expectations. UX stands for user experience, i.e. the customer's experience before, during and after their use of a product.

In UX research studies, customers, non-customers and employees are involved at an early stage in the entire development process and in live operations to ensure offerings are customer-focused.

Commerzbank Aktiengesellschaft's Corporate Clients segment conducts regular customer surveys on specific topics in order to develop its range of products and services. This provides us with

Non-financial Report

- *Supporting the customer transformation (page 60ff.)*

information on customer preferences and requirements, which can be used in the design of products and processes.

In addition, Commerzbank Aktiengesellschaft actively involves its customers through various customer advisory councils. In a central advisory council and ten regional advisory councils, selected figures from companies, institutions and public life have the opportunity to enter into direct dialogue with the Board of Managing Directors, find out about the performance of the business and contribute their experience and expectations.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Global efforts to combat climate change require not only favourable political conditions and new technical solutions, but above all adequate financial resources. This poses numerous opportunities for us as a bank: the energy revolution and reduction in CO2 emissions are creating a need for new technologies and products requiring large investments. At the same time, our customers are facing new types of non-financial challenges: from collecting data and managing their own carbon footprints to making decisions on their technological direction in the context of the energy transition. In addition, interest in sustainable investment opportunities is growing, which is why we are developing products and services that take account of these changes while offering an environmental or social benefit.

We develop sustainable products with a view to regulatory requirements and market analysis and apply the Bank's own specialist and product expertise. These products support our customers in their sustainable transformation and at the same time provide incentives for companies and private individuals to become more sustainable. We draw on classic product development practices, agile methods and direct dialogue with customers. The products prioritised for development are determined in equal measure by the requirements of the Bank's own sustainability strategy, economic considerations and regulatory requirements.

In the following, we list a few examples of existing products and services of Commerzbank. For a complete overview, please refer to our ESG framework and our non-financial report.

Non-financial Report

- *Supporting the customer transformation (page 55ff.)*

ESG framework

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Corporate Clients

In the **Corporate Clients** segment, we rely on risk and sales data to evaluate the ESG dimensions of our portfolio and to carry out a dedicated potential analysis for new products. As a result, we have identified sectors that offer us new sustainable business opportunities and at the same time allow us to provide advisory services and financing products to support our customers in their own transformations. The sales and lending departments work closely together to address the specifics of ESG issues.

Renewable Energy

Commerzbank Aktiengesellschaft has long, wide-ranging experience with **renewable energy**. Today we are one of the largest financiers of renewable energy in Europe and we have further expanded our international portfolio share in the past year. In 2022, in addition to financing for wind farms and solar parks in Germany, we also successfully added new projects and refinancing transactions in France, the UK, the Netherlands, Spain and the USA. Noteworthy projects in this category include support for the Bank's first standalone financing of a battery storage system in the USA and the portfolio financing of solar parks in Germany with an output of 315 megawatts. CoC Energy's total financing commitment in **2022 was around €8bn**.

ESG-/ Sustainability-linked loans

In 2022, Commerzbank Aktiengesellschaft was involved in 71 **ESG-/Sustainability-linked syndicated loans** for companies in Europe with a total transaction volume of €103.8bn. It was also involved as the arranger in eight sustainable promissory note loans with a total transaction volume of €3.24bn, of which €800m was attributable to the largest sustainable promissory note transaction anywhere in the world to date.

Sustainable Bonds

In 2007, we were involved in issuing the world's first green bond. Since then, we have supported a large number of companies in preparing and issuing sustainable bonds. In the year under review alone, Commerzbank Aktiengesellschaft acted as lead manager for the issue of **59 sustainable bonds** with a total volume of €46.6bn. In total, the Bank has already assisted in the issue of more than 200 sustainable bonds.

Sustainability aspects are also playing an increasingly important role in the Bank's own investments. As part of its liquidity management activities, Commerzbank Aktiengesellschaft is increasingly investing in sustainable bonds and building up its own ESG portfolio. To this end, the Bank plans to invest an increasing proportion of its own assets in green, social and sustainability bonds. By the end of 2022, their volume within the liquidity portfolio had reached €2.2bn

Private and Small-Business Customers

In the **Private and Small-Business Customers segment**, we offer financing for energy-efficient buildings. The green mortgage loans scheme, for example, offers preferential financing conditions for the construction, modernisation or acquisition of buildings – for own or third-party use – whose final energy demand is less than 50kWh per square metre of usable floor space. With our “Green Mortgage” the financing conditions for the construction, modernization or acquisition of buildings for personal or third-party use are discounted.

Asset Management

As a signatory to the UN PRI, **the Asset Management** unit at Commerzbank Aktiengesellschaft is committed to making responsible investment decisions. Asset Management therefore offers wealthy individuals and corporate customers various solutions that take environmental and social factors into consideration. Overall, the proportion of sustainable investments, which under the ESG framework feed into the sustainable business volume, has increased significantly in recent years and as at the end of 2022 accounted for **10.7%** of Commerzbank Asset Management’s AuM.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Corporate social responsibility involves seeking regular dialogue with internal and external stakeholders. In this active and transparent dialogue, we endeavour to meet the expectations and needs of our stakeholders, to incorporate them into our corporate strategy and to present our own points of view.

We maintain a dialogue with the following stakeholder groups in particular:

- Shareholders/investors
- Academia and research institutions
- Customers
- Suppliers
- Media
- Employees
- Competitors/financial sector
- Non-governmental organisations
- Politicians
- Civil society

Non-financial Report

- *Anchoring sustainability in our strategy (page 46)*

GRI Report

- **GRI 2021 102-40**
- **GRI 2022 2-29**

For the reporting year 2022, the overview in Standard 2-29 will be available from July 2023. For the year 2021, the stakeholder overview can be found in Standard 102-4.

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

An overview of our stakeholders can also be found in our GRI Report. We also engage in regular dialogue with national and international regulatory and supervisory authorities. To ensure constructive critical dialogue with our stakeholders, in 2022 we established an external Sustainability Advisory Board led by the Chairman of the Board of Managing Directors. This body is made up of six experts from the fields of politics, academia, society and SMEs.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Sustainability is deeply embedded in our governance structure. In the following, we provide an overview of our sustainability governance:

Among other matters, the **Supervisory Board** advises and monitors the Board of Managing Directors with regard to sustainability issues. This includes, for example, checking the non-financial report. To reflect the growing importance of sustainability for the Bank, the Supervisory Board resolved to turn the Social Welfare Committee into the **Environmental, Social and Governance Committee**. It normally meets four times per year. In particular, it assists the Supervisory Board, in addition to the Audit Committee, in assessing whether the management is ensuring the economically viable and sustainable performance of the Bank while also observing the principles of responsible corporate governance, fulfilling the Bank's social responsibility and at the same time conserving natural environmental resources. The ESG Committee also advises the Board of Managing Directors on ESG issues.

As part of the optimisation of the remuneration system for the Board of Managing Directors, the Supervisory Board has now also linked Commerzbank's sustainability strategy to the variable remuneration of members of the Board of Managing Directors in a binding manner by adding an explicit ESG sub-target within the Group target, accounting for 20% of Group target achievement. The Group target itself accounts for the majority (60%) of variable remuneration for members of the Board of Managing Directors.

Non-financial Report

- *Anchoring sustainability in our strategy (page 45ff.)*

This means that from the 2023 financial year, ESG targets will also be explicitly embedded in the variable remuneration system for all members of the Board of Managing Directors via the Group target. They complement any other ESG targets within the department and individual targets that may have already been in place in previous years. Alongside other ESG criteria, the Bank's sustainability targets are also embedded in our employee remuneration system as target criteria. They account for 25% of the qualitative targets, which together with target achievement in the quantitative element determine the level of variable remuneration in the remuneration model for non-pay-scale employees.

The **Board of Managing Directors** develops the Commerzbank Group's strategy, discusses it with the Supervisory Board and ensures it is implemented. Sustainability issues are included in the annual strategy process for the overall bank strategy and are discussed as required in meetings of the Board of Managing Directors. Each member of the Board of Managing Directors is responsible for implementing sustainability measures within their own divisional remit. The **central sustainability management** function reports to the Chairman of the Board of Managing Directors and regularly informs him about progress on sustainability issues and activities.

A cross-divisional decision-making and escalation body for sustainability, including matters relating to climate and other environmental risks, enables the sustainable orientation of the business model to be managed holistically. With this **Group Sustainability Board**, we have firmly embedded the wide-ranging issue of sustainability within the Bank's organisation. The Group Sustainability Board sets the Bank's strategic sustainability targets and monitors the measures for their implementation and management. In addition, the divisions and segments report regularly on the progress of their sustainability activities and the implementation of regulatory sustainability requirements. The Group Sustainability Board is chaired by the Chairman of the Board of Managing Directors. The Board also includes other members of the Board of Managing Directors and heads of divisions.

By making **Group Sustainability Management** the overarching sustainability area within the strategy unit, Commerzbank is underlining the strategic priority of this topic. It is responsible for the ongoing development of the sustainability strategy and comprehensive governance. At the same time, Group Sustainability Management manages the "**Sustainability 360°**" Group-wide programme and thereby coordinates the sustainability work of Commerzbank in an overarching way. It also ensures the implementation of strategic sustainability initiatives such as the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI).

The **three lines of defence concept** for ESG risks was refined during 2022. ESG risks are considered a type of horizontal risk

and as such are managed by various control units across the Bank. Group Sustainability Management also acts the second line of defence for social (S) and governance (G) risks, serving as a central point of oversight. Environmental (E) risks are dealt with within the risk control function.

A **Chief Environmental Risk Officer (CERO)** has also been appointed and tasked with bringing the Environmental Risk Control unit into operation.

To ensure constructive critical dialogue with our stakeholders, in 2022 we established an **external Sustainability Advisory Board** led by the Chairman of the Board of Managing Directors. This body is made up of six experts from the fields of politics, academia, society and SMEs. They represent a broad spectrum of subject matter, including topics such as the circular economy and biodiversity that are becoming increasingly important for us. The Sustainability Advisory Board provides impetus for the further development of our sustainability strategy.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The corporate success of the Commerzbank Group is based on qualified and motivated employees. Our 41,909 colleagues worldwide contributed their knowledge and experience to our work processes in 2022. A fundamental appreciation of the importance of fairness, respect of others and lived diversity is anchored in our ComWerte and our code of conduct; it is our responsibility as an employer to ensure its implementation. Commerzbank Aktiengesellschaft aims to offer its staff a working environment characterised by a spirit of partnership. Our human resources policy makes it possible to promote the development of each individual employee and collegial cooperation, even in a challenging economic setting. Treating our employees responsibly – even and especially at times of great upheaval and economic challenges.

Learning

Commerzbank Aktiengesellschaft offers a host of optional and mandatory training modules, such as seminars, workshops and e-learning courses, designed to prepare employees for the transformation of the banking sector resulting from digitalisation and develop their skills on an ongoing basis. In July 2022, a voluntary basic qualification on the topic of sustainability was also rolled out for all Commerzbank Aktiengesellschaft employees in Germany. The training programme is intended to ensure a common understanding of sustainability and to strengthen our expertise as contact partners for sustainability matters.

Non-financial Report

- *Anchoring sustainability in our strategy (page 43)*
- *Leading by example (page 63ff.)*

GRI Report

Work-Life-Balance

Alongside professional development, work-life balance is an important aspect of remaining attractive as a business. Within Commerzbank Aktiengesellschaft, this balance is ensured by concepts for different stages of life with specific offerings, such as flexible working time models, sabbaticals and programmes to facilitate the return to work after parental leave. We also offer advisory and support services relating to childcare, home care and care for the elderly through pme Familienservice.

Inclusion

The inclusion of people with disabilities is another part of our diversity strategy. Barrier-free access to the workplace and to working tools is just as high a priority as the implementation of accessibility in our digital offerings for customers. Commerzbank Aktiengesellschaft has consistently exceeded the statutory requirement of 5% employees with disabilities in recent years. We met this quota again in 2022. Commerzbank Aktiengesellschaft is committed to an open approach in respect of the sexual orientation and gender identity of its staff, customers and business contacts. This is achieved through education and various formats for dialogue, such as digital events and communication about queer people. Formats covering the topics of coming out, subconscious reservations and overarching diversity issues such as families and cross-cultural understanding are particularly popular with employees. These are also regularly attended by members of the Board of Managing Directors and executives.

Further Information

More details can be found in our GRI Report as well as our non-financial report.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what **due diligence processes** your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

With our ESG framework, we bundle all our sustainability guidelines and policies. We define what ESG means in our customer business and what we focus on. We use this framework as a management blueprint for the sustainable transformation of Commerzbank.

ESG framework

- *Transformation Finance (page 11ff.)*
- *Sustainable Finance (page 33ff.)*

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

KPMG (Germany) conducted a limited assurance engagement of selected chapters within this report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised).

[Assurance-Statement](#)

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ESG-Framework

- [ESG Ratings](#)
- [Commerzbank AG - Memberships & Initiatives](#)
- [ESG Framework](#)
- [GRI Report](#)

<p>6.3 Outlook</p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p>In 2022, we continued to work on our implementation of the Principles for Responsible Banking. We have driven forward many measures, processes and governance structures that reinforce our commitment to sustainable banking. Our new materiality assessment identified the sustainability topics most relevant to us. This analysis shows us which topics we will continue to explore and follow strategically as a matter of priority. As part of our regular reporting, we will continue to disclose future progress and developments.</p>	

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input checked="" type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input checked="" type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.¹⁶ The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

How to use: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets¹⁷ (highlighted in **green**) or to client engagement¹⁸ targets (highlighted in **blue**), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.¹⁹ Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

¹⁶ It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

¹⁷ Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

¹⁸ Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹⁹ You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.

- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice ²⁰ (pathway to impact)									Impact ²¹		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No; <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ²²
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; <i>If yes:</i> - please specify: to become net zero by when? - Emissions baseline / base year: What is the emissions	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending	Total GHG emissions or CO ₂ e (please also disclose what is excluded for now and why)	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to /	bln/mn USD or local currency, and/or % of portfolio	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

²⁰ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

²¹ Impact: the actual impact of the bank's portfolio

²² If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

		baseline / base year for your target? - Climate scenario used: What climate scenario(s) aligned with the Paris climate goals has your bank used?		and/or investment portfolio?		invest in carbon-intensive sectors and activities ²³ ? How much does your bank invest in transition finance ²⁴ ?		1.5 or 2 degrees)?	
A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector (<i>depending on the sector and/or chosen metric</i>): kg of CO ₂ e/kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit				
A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	A.2.4	Proportion of financed emissions covered by a decarbonization target: What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% (<i>denominator: financed emissions in scope of the target set</i>)				

²³ A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

²⁴ Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
B. Financial health	B.1.1	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	B.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	B.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	B.4.1	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

					means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonimized users and # of interactions for anonymized users.							
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

								defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.	
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.					
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e-	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.	

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3*	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			



Commerzbank AG
Group Sustainability Management
Frankfurt am Main

