

Guideline

Standard for Sustainable Procurement

GS-OS Corporate Procurement

Valid from 01.07.2021 | Version 1.6

Next Review 01.07.2022

Gender neutrality

Merely for reasons of easier readability only the grammatical masculine form is used always meaning people of any gender identity (m/f/d).

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1 Introduction

Banks are not only extremely important for the development of modern economies, they also play an important and responsible role in society as intermediary, employer, taxpayer and donor. Conscious of this, Commerzbank expressly stands up for its corporate responsibility and for the sustainable orientation of its business activities. For this reason, Commerzbank implements a variety of measures in various areas and carefully considers the economic, ecological and social consequences of its actions.

The cornerstone of Commerzbank's corporate responsibility and values-oriented corporate culture is formed by the principles known as "[Comwerte](#)": Customer orientation, Performance, Integrity, Team spirit and Courage. Through these values our aim is to ensure and encourage responsible actions throughout the company and at all levels, derived in particular from the value "Integrity" – Commerzbank's most important quality. This is the basis of the trust placed in us as well as a prerequisite for sustainable economic success. In order to achieve this objective, Commerzbank has drawn up the "[Guidelines on Corporate Responsibility](#)", which transforms the "Comwerte" into instructions for operative business.

Commerzbank's corporate responsibility does not end with our internal processes and activities, however, but also stretches along the entire value-added chain. Consequently, sustainability criteria play a critical role in safeguarding corporate responsibility also when purchasing goods and services.

Sustainability is one of the four cornerstones of the "Strategy 2024". Our integrated sustainability strategy is based on the ESG criteria. E stands for Environment, S for Social and G for Governance. In the light of climate change and its consequences, our focus is currently on climate protection.

With the standard for sustainable procurement, GS-OS Corporate Procurement is issuing binding guidelines for all process participants in order to comply with sustainability aspects of purchasing goods and services. The ecological, social and governance criteria (ESG) specified in the standard reflect Commerzbank's corporate responsibility demands on its service providers and suppliers. As a result, through its purchasing decisions Commerzbank also actively influences the sustainable orientation of these suppliers and service providers.

The aim of the standard is the systematic encouragement of a sustainable development in the procurement process. The criteria and rules of conduct formulated below should make it easy to consider sustainability aspects for all process participants. At a minimum, the standard also aims to inform Commerzbank employees in the subject of "Sustainability", as a sustainable development can only be achieved with the participation of as many people as possible.

2 Scope and target group

The rules agreed by GS-OS Corporate Procurement are binding for all units of Commerzbank AG. GS-OS Corporate Procurement is responsible for procurement in Commerzbank AG domestically and in the foreign branches. The target group is all process participants for carrying out the procurement process.

The standard applies to subsidiaries in Germany and abroad as a framework for sustainable procurement for internal specifications, which are agreed on basis of specific company circumstances. Rules, which obviously contradict the standard for sustainable procurement, require prior consent from GS-OS Corporate Procurement.

3 Governance criteria

3.1 Internal commitment: Ethics guideline of GS-OS Corporate Procurement and Code of Conduct

The procurement-specific [ethics guideline](#) highlights existing rules of conduct for procurement activities, thereby giving all employees binding rules for conduct with integrity in procurement.

Commerzbank has also converted particularly business-relevant sustainability risks into concrete guidelines. Collectively these provide binding [rules for conduct](#) with integrity, and refer to the subjects such as bribery & corruption, tax evasion, discretion, money laundering, insider trading and principles for dealing with each other at work. Any Infringement of the rules will be considered a serious matter and could result in disciplinary measures being taken.

3.2 External commitment: Contracts for goods and services/Integrity Clause

Commerzbank requires that all suppliers and service providers adhere to the applicable laws and generally accepted standards. Concrete requirements and obligations concerning integrity and conduct of the supplier are described within the underlying contract for goods and services including the [integrity clause](#) and these must be fulfilled by all suppliers and service providers. By accepting the Commerzbank contract terms and conditions, the suppliers and service providers to Commerzbank have accepted their obligation to conduct their business activities within these parameters. Any amendment to these standard terms is only permitted with the prior approval of the Commerzbank Legal and Compliance departments.

4 Social criteria

4.1 Fundamentals of social standards

Commerzbank respects human rights and personal rights around the world as the fundamental rules of society. As a definition of human rights, Commerzbank applies the internationally accepted human rights standards, which include the [UN International Bill of Human Right](#) and the [ILO Core Labour Standards](#). Additionally, by participating in the [UN Global Compact](#), Commerzbank has committed itself to:

- Respecting human rights,
- Promoting their observance in its area of influence and to ensuring that breaches of human rights are not supported by its own business activities,
- Ensuring the freedom of association and the effective recognition of the right to collective bargaining,
- Working for the end of all forms of forced labour,
- Working for an abolition of child labour, and
- Working for the end of discrimination in recruitment and employment.

Commerzbank is a signatory to the Charter of Diversity of Companies in Germany, thereby sending a visible signal to employees, customers and business partners of the clear acceptance of individuality and diversity. Also we have signed the United Nations Women's Empowerment Principles. Commerzbank is thus committed to further promoting equality between men and women.

4.2 Specific social requirements

Commerzbank also expects its business partners to observe and comply with human rights and personal rights. In order to contribute to the promotion and protection of these rights, Commerzbank uses the many possibilities offered in cooperation with suppliers and service providers. As a result, compliance with social standards by suppliers and service providers represents an integral component of the standard for sustainable procurement. Furthermore, establishing compliance with the social standards is one objective of the annual review meeting conducted with all key suppliers and service providers to Commerzbank

All suppliers and service providers used by Commerzbank agree to observe the specific social requirements and to impose the compliance with the corresponding requirements on their own suppliers and service providers.

4.2.1 Free choice of work

Suppliers and service providers should not force anyone to work and should not permit any form of forced labour.

4.2.2 Ban on child labour

Suppliers and service providers should not employ children younger than the minimum age specified by the International Labour Organisation or by national laws. The maximum specified minimum age applies.

4.2.3 Ban on illegal employment

Suppliers and service providers should not permit illegal employment. Commerzbank expects VAT and income tax, as well as social insurance, to be paid according to the applicable statutory provisions.

4.2.4 Ban on discrimination

Suppliers and service providers must commit to equal opportunities and the equal treatment of their employees. No one shall be disadvantaged or harassed as a result of ethnic origin, gender, religion, nationality, world view, disability, age, sexual orientation and sexual identity or for other reasons.

4.2.5 Remuneration for work

Suppliers and service providers must pay fair wages and additional payments, which fulfil all applicable laws and which correspond to the applicable local and industry-specific practices.

4.2.6 Working time

Suppliers and service providers must guarantee that their employees do not exceed the locally applicable, statutorily specified maximum working hours.

4.2.7 Freedom of association

Suppliers and service providers must respect their employees' rights to freedom of association and collective bargaining and must ensure employees active in trade unions or employee organisations are not discriminated against or preferred in any form.

4.2.8 Treatment with respect

Commerzbank expects suppliers and service providers to respect the dignity, private sphere and personal rights of their employees and to provide a workplace that does not affect the physical or intellectual integrity of a person. Sexual harassment or abuse, intimidation, mobbing and corporal punishment must not be tolerated.

4.2.9 Health and safety

Suppliers and service providers are responsible for the health and safety of their employees. Commerzbank expects suppliers and service providers to guarantee a safe and healthy working environment and to act to prevent accidents and occupational illnesses through preventive measures.

4.2.10 Diversity & Inclusion (D&I)

Commerzbank expects suppliers and service providers to demand and promote the appreciative and active handling of diverse topics (diversity) and cooperation in a spirit of partnership (inclusion). The D&I standards, which complement the corporate constitution and the philosophy of Commerzbank with the Code of Conduct and its Comwerte, are decisive for this.

5 Ecological criteria

5.1 Fundamentals of our ecological standards

By participating in the [UN Global Compact](#) Commerzbank has committed itself in respect of ecological criteria and requirements to:

- Following the precautionary principle with dealing with environmental problems,
- Introducing initiatives in order to promote greater environmental awareness, and
- To accelerating the development and spread of environmentally friendly technologies.

As an [ISO 14001 and ISO 50001](#) certified company, the internal corporate processes of Commerzbank have been successfully audited and therefore correspond to the international standards for environmental and energy management systems. Our commitment to (corporate) environmental protection does not end with the internal processes of Commerzbank, however, but also includes close cooperation with suppliers and service providers, as well as the clear formulation of ecological criteria along the entire supply chain. Commerzbank's [Environmental Guideline](#) also states clear rules for environmentally friendly business, which have been approved by the Board of Managing Directors and advised to our most important service providers and suppliers.

Commerzbank therefore expects all its service providers and suppliers to comply with statutory norms and standards of environmental protection and continually to enhance environmental protection. Service providers and suppliers of Commerzbank commit to demand and promote compliance with environmental standards along their own supply chains.

Commerzbank is part of the Net-Zero Banking Alliance of UNEP FI, the United Nations Environment Programme Finance Initiative. As one of the first financial institutions worldwide, Commerzbank is committed to reduce the emissions of its banking operations to zero already by 2040. In addition, we have set ourselves the goal of having a 100% climate-neutral supplier portfolio by 2040.

All Commerzbank service providers and suppliers must comply with statutory norms and standards of environmental protection along their own supply chains and enhance environmental protection continually. In addition, Commerzbank expects its service providers and suppliers to support Commerzbank in achieving its climate goals.

5.2 Specific ecological requirements

Environmental labels provide important assistance when assessing the environmentally friendly business of suppliers and service providers and are an important consideration when selecting suppliers and service providers. Environmental labels exist across many product groups and support environmentally friendly procurement.

Analyses to reduce energy consumption as part of the design/dimensioning of plants, facilities, systems and energy-using processes must be taken into account when purchasing. In material

procurement projects, if relevant, the entire life cycle costs, including disposal costs, are also included in the selection decision. Exceptions to this are, for example, Rental and leasing contracts.

In the case of contracts with an expected significant influence (e.g. logistics services, IT hardware) on the Net Zero target, the associated effects must be analyzed and taken into account and documented when making decisions.

When the performance features and costs of conventional and sustainable products are equal, in general and taking into consideration the manufacturing conditions, logistics, pollutant content, recyclability and environment certificates, the sustainable product will usually be procured.

For this reason, the service providers and suppliers are asked to comply with the following ecological criteria when invited to tender:

- EN ISO 9001 Quality management systems
- EN [ISO 14001](#) Environmental management system
- EN ISO 50001 Energy management system
- Climate protection goals such as climate neutrality

References to environmental labels according to product group are taken into account when making the procurement decision and these are listed in the appendix.

6 Checks and procedure in the event of non-compliance with the guideline

6.1 Checks

When selecting suppliers, the department GM-C/Reputational Risk Management analyses the supplier on a case-by-case basis.

Within the framework of the supplier management by GS-OS Corporate Procurement, the most important service providers are evaluated in annual supplier meetings in terms of compliance with the sustainability criteria.

6.2 Consequences in the case of a breach of the Standard for Sustainable Procurement

Internally, non-compliance with the Standard for Sustainable Procurement may lead to disciplinary consequences. Externally, a gradual and formal escalation may be considered and initiated via the key internal stakeholders.

7 Responsibilities, approval and communication paths

Collectively Corporate Procurement, Energy & Eco Management and Group Communications are responsible for ensuring the content of this guideline is maintained according the applicable current and new accepted standards.

These guidelines have been created by GS-OS CP and published on the GS-OS CP intranet pages.

8 Corresponding guidelines

The following guidelines correspond to the Standard for Sustainable Procurement:

- [Procurement guideline,](#)
- [Commerzbank's Code of Conduct,](#)
- [Commerzbank's Environmental Policy,](#)
- [Guidelines on corporate responsibility,](#)
- [Integrity clause,](#)
- [Ethics Guideline,](#)
- [Global Anti Fraud Policy,](#)
- [Global Anti-Bribery Corruption Policy,](#)
- [D&I Standards.](#)

9 Concluding conditions

The Standard for Sustainable Procurement came into effect on 15.12.2014. The Corporate Procurement Sustainability Manager updates all specifications and recommendations at least once per year.

As of 01.01.2015 all new contracts with suppliers of goods and services to Commerzbank have contained specific terms and conditions in regards to the integrity and conduct of the supplier.