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Combined separate non-financial report

The success of the Commerzbank Group is also shaped by non-financial factors. We report on these factors for the Group and for Commerzbank Aktiengesellschaft in the following “combined separate non-financial report” (hereinafter the “non-financial report”) according to the requirements of the German Act on Strengthening Corporate Non-Financial Reporting (CSR-Richtlinie-Umsetzungsgesetz (CSR-RUG)). Unless stated otherwise, the information relates to the Group. Alongside the parent company, Commerzbank Aktiengesellschaft, the main subsidiaries comdirect bank AG, Commerz Real AG, mBank S. A. and Commerzbank Finance & Covered Bond S. A. were also included.

Our responsibility

Commerzbank’s business model depends on social acceptance. It is the basic prerequisite for our economic success. With this in mind, we closely monitor social developments and political megatrends and evaluate them in terms of potential opportunities and risks. Our stakeholders expect us to handle the impact of our business activities in a responsible manner. We are facing up to this responsibility. We have defined binding rules for handling environmental and social risks. Transparency and fairness towards our customers are one of the key pillars of sustainable business development. The partnership with our employees – even and especially at times of great upheaval and economic challenges – is another.

Further developing the strategy

The Bank’s strategy “Commerzbank 5.0”, published in September 2019, solidifies its corporate responsibility even more firmly within its business model for the future. Responsible banking is embodied in the triad of integrity, data security and sustainability. Integrity and compliance are essential components of our business model. The responsible handling of our customers’ data has always been one of Commerzbank’s core competencies – and is becoming increasingly important with the advent of digitalisation. We also want to make a greater contribution to mitigating climate change by taking better account of climate risks in financing decisions, significantly expanding our range of environmentally friendly products and increasing the share of renewable energies in the energy mix we finance. Sustainable banking also means keeping our own ecological footprint as small as possible.

In December 2019, mBank – in its capacity as an independent institution – also published its new strategy “Growth fuelled by our clients” for the years 2020 to 2023. By incorporating sustainability issues into its business strategy, mBank is reaffirming its intention to align itself with the United Nations Sustainable Development Goals that are relevant to its activities.

Joining forces

To underpin the commitment to responsible banking formulated in “Commerzbank 5.0”, in September 2019 Commerzbank Aktiengesellschaft became one of the first signatories of the United Nations Principles for Responsible Banking. The six principles support the goals of the Paris Agreement and the UN Sustainable Development Goals. The Bank also committed to the Green Investment Principles for the Belt and Road Initiative in September. The aim here is to ensure that infrastructure projects in the countries along the “new Silk Road” are as low-emission and sustainable as possible. These are just two current examples from a host of initiatives underlining Group companies’ commitment to sustainable development. Commerzbank Aktiengesellschaft and mBank are also signatories of the UN Global Compact and as such respect its ten principles covering the areas of human rights, labour standards, the environment and anti-corruption.

Measuring success

In developing the new strategy, Commerzbank was able to build on many years of experience and a wide range of measures for sustainable business development. The relevant areas, including the customer segments along with Compliance, Human Resources and the data protection, environmental management, purchasing and IT units, jointly formulated a sustainability programme comprising 100 goals back in 2017, and we have been working to achieve or further develop these goals ever since. The success of this programme is also reflected in sustainability ratings and in the Bank’s inclusion in the corresponding indices. In 2019, major rating agencies for sustainability gave Commerzbank Aktiengesellschaft a rating above the sector average: a C rating and thus Prime status from ISS-oekom, an A from MSCI, a B from CDP, a B “positive” from imug, and at Sustainalytics we are an Outperformer with 75 out of 100 points. Commerzbank Aktiengesellschaft was included in the FTSE4Good sustainability index in July 2019 and is listed in four of ECPI’s ethical and ESG-equity indices (ESG stands for the triad of environmental, social and governance factors). In the year under review, the MSCI ESG Ratings also rated comdirect as BB and mBank as A. mBank was also included in the Warsaw Stock Exchange’s new WIG-ESG index.

Commerzbank repeatedly receives awards for its commitment to the environment and society. For example, in 2019 the Canadian organisation Corporate Knights included it in the Global 100 Most Sustainable Corporations in the World Index. Commerzbank was ranked second of the five German companies listed in the index.

Below we explain the specific details of how we fulfil our responsibility to the environment and society and to our customers and employees. The successes we have achieved to date, and what we are still working on. What we stand for, and what we are involved in. Today and in future.

Our contribution to sustainable finance

Financial institutions have a particular role to play when it comes to limiting global warming, an objective which the international community has committed itself to with the 2015 Paris Agreement. One of the three goals agreed was to direct global financial flows towards projects and technologies that reduce greenhouse gas emissions and promote climate-resistant developments. The aim is a gradual decarbonisation of industry with the aid of financial instruments. This can be done, for example, by promoting renewable energies or forgoing certain transactions such as coal financing.

This financial industry contribution to sustainable development, known as “sustainable finance”, offers 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. Moreover, there is growing interest from investors and customers in sustainable investment opportunities. That is why we are developing products and services that take account of these changes while offering an environmental or social benefit. At the same time, we want to prevent our business activities from having a negative impact on the environment and on society and avoid or mitigate any resultant risks.

Holistic risk management

The integration of non-financial aspects into the Bank’s risk management processes is hugely important for sustainable finance. These include risks resulting from climate change. They form part of the overall risk management and in future will be anchored even more firmly in the risk strategy under “Commerzbank 5.0”. Credit risk management already incorporates climate issues in country and sector analyses and in risk assessment. Physical risks include rising sea levels and flooding for the real estate sector, along with crop failures in agriculture or low water levels in rivers, with implications for the transport and chemical industries. Transition risks such as changes in energy policy are also taken into account in the analysis. Lending decisions for companies and institutional customers are therefore based not only on an individual risk assessment but also – where relevant – on the extent to which they involve climate risks and on the level of resistance to them. If a customer is exposed to a higher probability of physical climate risk, a scenario analysis is carried out and the resilience to climate-related phenomena tested.

Taking a position

By contrast, environmental and social risks arising from our core business are assessed in Commerzbank Aktiengesellschaft’s Reputational Risk Management department. The Bank has adopted a clear position on controversial issues such as weapons, environmentally harmful energy sources and speculative trading in basic foodstuffs. Our process for managing these risks is described in detail in the framework for handling environmental and social risks in the core business, which is published online. The framework also includes all industry-specific requirements, for example relating to mining, energy, oil and gas. Cross-sector requirements relate to human rights and indigenous peoples. Exclusion criteria were defined for particularly critical products, transactions or business relationships. These include projects related to fracking or tar sands, but also the Group-wide decision not to finance new coal mines or coal-fired power stations. After the parent company took this decision with its 2018 coal position, the Polish subsidiary mBank issued a corresponding directive in April 2019.

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When assessing sustainability risks, Commerzbank Aktiengesellschaft does not limit itself to what is legally possible, but also raises the question of legitimacy in legal transactions. One example of this is the arms policy. We recognise the basic right of states to defend themselves, and do not question the need for the German armed forces or NATO partners to be adequately equipped. However, our financing of military equipment is dependent on the countries involved and the type of weapons to be financed. We generally do not involve ourselves in financial transactions related to “controversial weapons”. Our arms policy also excludes arms exports to conflict zones or areas of tension. The policy is more restrictive than is required by law, and our exclusion list also includes countries that are not affected by sanctions or embargoes. The list of countries is reviewed and adjusted quarterly and on an ad hoc basis.

Setting limits

Commerzbank Aktiengesellschaft’s Reputational Risk Management department thus defines the criteria for and limits of business operations and carries out differentiated analyses of transactions, products and customer relationships. The assessment process starts in the front office: as soon as an issue defined as sensitive by the Bank is affected, Reputational Risk Management must be brought in to perform in-depth research into possible environmental and social risks that may be associated with the existing or potential business partners or the content of the transaction. The department looks at information and reports from non-governmental organisations and analysts as well as media reports and company publications. The analysis is concluded with a differentiated vote. Evaluation is based on a five-point scale and can lead to rejection.

- Key figure: In 2019, Commerzbank Aktiengesellschaft’s Reputational Risk Management department assessed around 5,450 transactions, business relationships and products relating to specific environmental, social and ethical issues (2018: 5,900 votes, 2017: 6,000 votes).

The decline in the number of votes was due to an adjustment in the voting scope and a more restrictive approach to transactions in controversial sectors. In view of the special risks associated with the energy and arms sectors, Commerzbank Aktiengesellschaft has passed its own directive for arms and coal that defines many of the relevant transactions and business relationships in these areas as being subject to assessment. For example, Reputational Risk Management performs a critical, case-by-case review of all transactions relating to the delivery of individual coal-fired power plant components. Financing of arms supplies is also assessed on a case-by-case basis in accordance with the arms policy.

Breakdown of 2019 risk assessment by sector	
Sector	Number of Votes
Oil and gas	1,184
Energy	1,130
Arms	1,090
Agriculture and forestry	526
Mining	480
Textiles	304
Other sectors	735
Total	5,449

As a department within the Group Communications division, Reputational Risk Management falls under the direct responsibility of the Chairman of the Board of Managing Directors. The management of reputational risks also forms part of Commerzbank’s overall risk strategy (for more information please see the “Other risks” section of the Group Risk Report). If Reputational Risk Management identifies a material reputational risk in the course of an assessment, a member of the Divisional Board will always be involved. In serious cases, the matter can be escalated to the Group executive body. As part of reporting, all material and high reputational risk votes are presented to the full Board of Managing Directors and the Risk Committee of the Supervisory Board on a quarterly basis.

To continue developing its reputational risk management, Commerzbank Aktiengesellschaft monitors issues of potential environmental and social relevance on an ongoing basis and checks how they may be embedded in the Bank’s internal processes and evaluation criteria. For example, it published a new position on tobacco and cigarette production in 2019. All sensitive issues, positions and directives are reviewed regularly and updated as necessary. The credit decision and reporting processes are also updated if required.

The Group’s formal requirements, such as the requirement for defined loan approval and decision-making rules, generally also apply to the material subsidiaries and are agreed with Commerzbank Aktiengesellschaft’s Reputational Risk Management department as global functional lead. The Group companies define priorities according to the requirements of their business model, for example based on the reasons for customer complaints. mBank in Poland operates its reputational risk management based on a commitment to the United Nations Global Compact. The policy on providing services and financing to entities operating in areas that are particularly sensitive in terms of mBank’s reputational risk is designed to implement this commitment and can lead to particular lending transactions or the opening of bank accounts being turned down. mBank’s reputational risk strategy is reviewed annually and coordinated with the parent company.

Sustainability effects of lending

Global efforts to combat climate change require not only favourable political conditions and new technologies, but also adequate financial resources. This entails business opportunities for Commerzbank. At the same time, the financing of green technologies and business ideas that could mitigate climate change also makes a concrete contribution towards the successful transition to a low-carbon, sustainable future economy.

In implementing the “Commerzbank 5.0” strategy, we are currently developing a methodology for embedding sustainability considerations in the future management of Commerzbank Aktiengesellschaft’s loan portfolio. The initial focus is on the CO₂ emissions associated with our business activities. The CO₂ intensity of the bank’s loan portfolio is to be reduced through individual target values and measures. These include the promotion of emission-reducing technologies and the active management of financing in CO₂-intensive industries.

Promoting renewable energies

The Bank is able to build on extensive experience in this area: corporate and project finance along the entire value chain of renewable energies has been part of its portfolio since the 1980s. The core business of Commerzbank Aktiengesellschaft’s Energy Competence Centre with its sites in Hamburg and New York is the global provision of finance to wind and solar parks operated by institutional investors, municipal utilities, energy groups and also private investors. We are now one of the main financiers of renewable energies in Europe and are also increasingly driving internationalisation forward in the rest of the world. In 2019, the Energy Competence Centre acted as syndicate leader and hedging bank for five offshore wind farms in Taiwan, the UK and France. In the onshore wind and photovoltaics segments, a large number of transactions were carried out in the USA in the year under review along with project finance transactions in Europe (including in Spain, France, Sweden, Finland and Poland).

- Key figure: The loan exposure of the Energy Competence Centre (exposure at default) came to around €5.1bn in 2019 (2018: €4.6bn, 2017: €4.6bn).

mBank in Poland also wants to step up its commitment to environmentally friendly product solutions, with an initial investment of around €118m (PLN 500m) in renewable energy projects at the end of 2018. In July 2019, mBank decided to double this financing pool. To date, around three-quarters of the funds for investments have gone to the wind sector, with the rest supporting the development of solar parks.

In July 2019, the European Investment Bank (EIB) approved a credit line with a total value of €250m for mBank and its subsidiary mLeasing to support Polish SMEs and mid-caps with climate protection measures focusing on photovoltaic systems. A new coal guideline has been in force at mBank since April 2019, according to which no new coal mines or coal-fired power plants will be financed. In addition, mBank will not establish any new relationships with companies for which the share of electricity generated from coal exceeds 50%. Furthermore, in October 2019 mBank adopted a new lending policy geared to the mining, energy and transport sectors in particular, based on the EU’s climate and energy policy.

Promoting energy efficiency

Commerzbank Aktiengesellschaft also incorporates sustainability aspects into the development of traditional financing solutions by advising corporate customers about the advantages of public promotional loans for energy efficiency projects. With a share of around 9% in KfW’s commercial energy efficiency programmes, we are one of the leading banks in Germany in using public-sector funding for such investments by small and medium-sized enterprises. Private and small-business customers also receive attractive financing conditions for energy-efficient buildings: The green mortgage loans scheme introduced in September 2019 offers an interest discount on loans for the construction, modernisation or acquisition of buildings – for personal or third-party use – whose final energy demand is less than 75 kWh per square metre of usable floor space.

Avoiding overindebtedness

Responsibility in lending business goes even further for the Private Customers segment, however: responsible lending is a holistic advisory approach that also takes account of potential changes in a customer’s economic situation. In line with this approach, the Bank’s Risk division has special units dedicated to early risk detection. Their tasks include identifying customers with signs of financial problems early on – and thus before the emergence of problems threatening their existence, if possible – and reaching a joint agreement on measures to be taken which will, ideally, lead to a regular repayment process.

Sustainable investments and capital market products

In the investment business, too, we want to contribute to sustainable development and take advantage of the associated business opportunities, for example by offering sustainable funds, integrating sustainability aspects in asset management and using sustainable capital market instruments.

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Developing sustainable bonds and loans

In 2007, the former investment banking firm Dresdner Kleinwort was the syndicate leader of the world's first green bond. Since then, we have supported a large number of customers in preparing and issuing green bonds. In the year under review alone, Commerzbank Aktiengesellschaft acted as lead arranger for the issue of 18 green and social bonds. We also cooperate with industry associations and similar interest groups, thus helping to actively develop the market for sustainable bonds. At the end of 2019, for example, the Bank became a partner in the Climate Bonds Initiative, an organisation working solely to mobilise the US\$ 100trn market for climate change solutions.

- Key figure: The total volume of all green and social bonds issued under the lead management of Commerzbank Aktiengesellschaft in 2019 was €12bn (2018: €11.4bn, 2017: €5.8bn).

Commerzbank Aktiengesellschaft also arranges, structures and places sustainable promissory note loans and syndicated loans in the form of green loans or ESG-linked loans for companies in a wide range of sectors. ESG-linked loans, also known as positive incentive loans, are a comparatively new product category but one that is seeing very dynamic growth. With this type of syndicated loan, the conditions are linked to sustainability criteria such as the borrower's ESG rating. The better the criteria perform, the lower the interest rates – and vice versa. Commerzbank Aktiengesellschaft was involved in 20 green or ESG-linked loans with a total volume of €27.3bn in 2019. Since 2017, we have been participating in working groups of the Loan Market Association to actively shape the implementation of sustainability in the syndicated loan market.

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 and social bonds. By the end of 2019, the volume had already reached around €430m. The Commerzbank Group takes sustainability aspects into account in its company pension scheme in Germany, with asset managers only selected for the pension plan if they have signed the UN Principles for Responsible Investment (PRI).

Investing customers' money sustainably

The Group also offers its customers an increasing range of opportunities to participate in the growing responsible investment market, for example through sustainability funds offered by various providers for private and institutional customers. Wealthy private individuals and corporate customers can agree individual sustainable asset management with Commerzbank Aktien-

gesellschaft where, on the equity side, investments are made exclusively in individual equities with a high sustainability rating. We have set ourselves the goal of tripling the percentage of sustainable investments in the total volume of assets managed by Asset Management for retail banking by 2020 versus the 2017 level. We were able to more than double this percentage by the end of 2019.

Since November 2019, institutional investors who obtain their equity research from Commerzbank Aktiengesellschaft have also been receiving quantitative sustainability indicators from Arabesque S-Ray. The data analysis company evaluates companies in terms of their compliance with the principles of the UN Global Compact and draws up an ESG score. This information is made available to customers in addition to fundamental equity votes.

comdirect's motif-investing product enables customers to make targeted investments in megatrends, including sustainability. To create a sustainability custody account, for example, comdirect makes available selected sustainable funds, exchange-traded funds (ETFs) and equities, from which customers are able to compile a custody account of their choice. comdirect customers can also choose between a number of sustainable products in other investment formats such as savings plans or ETFs. mBank has also recently entered this segment, launching the first ESG investment strategy on the Polish market in September 2019. Private banking customers can now invest in ETF-based portfolios of equities and bonds that have a positive impact on the environment and society.

Commerz Real combines sustainable investment opportunities with a direct contribution to shaping the energy revolution: it invested in solar energy for the first time back in 2005, and since then it has made investments in a large number of solar plants accessible to private investors through funds. Since 2016, professional investors have also had the opportunity to invest in onshore wind energy systems. This was extended to offshore systems in 2019. With a total annual output of around 949 megawatts from around 50 ground-mounted solar power plants and 13 onshore/offshore wind parks, Commerz Real is now one of the biggest German asset managers in this segment. The total transaction volume in renewable energies came to around €3bn at the end of 2019. Commerz Real also attempts to improve sustainability in the management of its real estate assets, for example by obtaining electricity from renewable energy sources. Sustainability criteria are also integrated in the due diligence process when buying real estate and infrastructure assets. Buildings with sustainability certificates currently account for just under 35% of the reported real estate assets of hausInvest, one of the biggest open-end real estate mutual funds in Germany with around €15.7bn under management at the end of 2019.

Trading or offsetting emissions

Commerzbank Aktiengesellschaft participates in the European Emissions Trading Scheme (ETS). It advises companies and governments on the procurement of carbon emissions rights and certificates and the associated risk management aspects, and implements the resulting trading strategies for customers. This is accompanied by the option of voluntary carbon offsetting for companies not subject to the mandatory ETS. Commerzbank Aktiengesellschaft launched a pilot project in autumn 2019 designed to allow its corporate customers to conduct climate-neutral business. As a member of the World Bank's Carbon Pricing Leadership Coalition (CPLC), the Bank also participates in the global debate on carbon pricing.

Our responsibility towards customers

Customer orientation is one of the five "ComValues" guiding us in our day-to-day activities. The Commerzbank Group can only be successful on a sustainable basis if its customers are satisfied. Our products and services are therefore designed to serve the interests of customers, and the Bank treats customer satisfaction as one of the most important metrics in evaluating its business success. The protection of customer data and compliance with banking secrecy requirements are also of the utmost importance in this era of increasing digitalisation. With this in mind, data security has been included in the "Commerzbank 5.0" strategy as one of three key topics for responsible banking.

Data security

The Commerzbank Security Board determines the Group's security strategy. International protection of data privacy is implemented through a governance model with defined roles and responsibilities, policies and directives, standardised processes and control mechanisms.

Preventing cyber crime

With the increasing digital networking of state, business and society, the topic of cyber security and resilience is becoming more and more important. Commerzbank scrutinises not only its own information, premises and IT systems, but also those of its customers and service providers, including any independent transport routes. Cyber security is a strong driver of customer confidence and thus an important competitive factor. As part of the critical infrastructure, the financial industry is subject to enhanced legal requirements. This is also one of the reasons why the security level at Commerzbank is very high compared with

companies in the real economy. Within the Group, the Information Security division ensures that the Bank is aware of current attack routes and techniques and is able to counter these effectively. The services provided by the division include threat analyses, forensic investigations and penetration tests, security consulting and monitoring, and compliance with information security regulations. Commerzbank Aktiengesellschaft is a founding member of the German Competence Centre against Cyber Crime (G4C) association, which started work in 2014 and cooperates with the Federal Criminal Police Office. The association's aim is to develop and optimise measures to counteract cyber crime in order to protect its members and their customers against damage.

Ensuring data protection

The Group data protection policy forms the basis for the proper handling of personal data and customer-related information. It includes principles applicable Group-wide for the collection, processing, use and international transmission of personal data. The individual companies are responsible for implementing these principles, as Group-wide collection is not permitted for data protection reasons.

The data protection officers of Commerzbank Aktiengesellschaft provide assistance to the Bank's business units in Germany and abroad and monitor adherence to data protection provisions in compliance with the law. In 2019, this included in particular the ongoing implementation of the EU General Data Protection Regulation (GDPR). We hold regular training events, such as mandatory tutorials on the protection of data privacy and on safety briefings as well as a seminar on data protection in practice and the offer of individual information events, to ensure that our employees remain sensitised to, and informed of, the issues surrounding the protection of data privacy and data security.

At comdirect, in addition to the established central monitoring authority in the shape of the data protection officer, a data protection management unit was set up in the year under review responsible for the active management of all the company's data protection activities. comdirect is thus pursuing the approach of using data protection as a tool for building customer and employee trust. Under the new data protection mission statement, objectives for management modules will be developed and implemented on a step-by-step basis. The aim is to integrate data protection into agile project and process flows without slowing the pace of innovation. In Poland, the mBank data protection officer and the associated team support the bank's business units.

In view of the fact that the Bank has around 16.9 million private and small-business customers and more than 70,000 corporate customers including multinational corporations, financial service providers and institutional customers worldwide, the number of data protection complaints was again comparatively low in 2019. For example, the data protection officer of Commerzbank

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Aktiengesellschaft in Germany received 298 customer complaints in the year under review. In most cases, the complaint was that customer data had been subject to unauthorised use or had been obtained by third parties.

Using big data responsibly

The use of big data and advanced analytics (BDAA) is of central strategic importance for Commerzbank. Efficient and holistic data processing offers great opportunities for all segments and Group divisions: as a basis for decision-making in the management of operational processes, for more detailed and faster analyses, and for improved customer service and cross-selling. To comply with the high data protection standards, the Bank works with pseudonymisation, anonymisation and micro-segmentation. Commerzbank Aktiengesellschaft has also established a Privacy Council to ensure that the Bank applies uniform rules for fundamental data typing issues, especially for new applications. It is made up of representatives from the front office units, Legal, Information Security and Data Protection as well as Strategy and the BDAA Group division.

Data-related measures that help prevent payment fraud and the resultant losses are of great benefit for customers, allowing fraud attempts to be detected at an early stage and losses minimised. Commerzbank Aktiengesellschaft offers a range of courses for customers in Germany and at selected European locations to address CEO fraud, where corporate customers are tricked into making payments.

Data security recognised

Security was one of the assessment criteria in the 2019 online banking test conducted by the specialist magazine Chip. Commerzbank Aktiengesellschaft impressed in this category and was rated “very good”, while comdirect was rated “good” overall and “very good” for its banking app. mBank, meanwhile, received two awards in the Golden Banker 2019 competition: in the Best Practices for Secure Banks category and for behavioural biometrics – a solution for identifying users via their interaction with the computer.

Transparency and fairness in customer relationships

Fairness towards the customer means for us that we provide comprehensive and readily understandable advice on financial products, their risks and possible alternatives guided by the customer’s long-term needs together with transparent and readily understandable documentation of the advisory process. For instance, Commerzbank Aktiengesellschaft pursues its aspiration to provide fair and competent advice through the CustomerCompass financial planning software. Moreover, Commerzbank has in recent years introduced new products and services that are particularly beneficial to customers. These include accounts with a satisfaction and security guarantee, digital instalment loans, mortgage financing with a free choice of supplier or the “savingsCheck” electricity and gas supplier comparison platform offered by comdirect.

Measuring satisfaction

The willingness of Commerzbank customers to recommend the Bank plays an important role in the sales management of Commerzbank Aktiengesellschaft and in the remuneration system of comdirect. The benchmark we use in the Private Customers segment is the net promoter score (NPS), an internationally recognised standard for measuring customer satisfaction. Each month, around 15,000 customers of Commerzbank Aktiengesellschaft are asked in a brief telephone interview whether they would recommend their branch to others. The resultant information is used to improve customer service and thereby achieve a lasting increase in customer satisfaction. The proportion of Commerzbank Aktiengesellschaft’s private and small-business customers with a strong willingness to recommend the Bank (promoters) was once again 60% in 2019. Satisfaction is also measured via other contact channels such as the Customer Centre, online banking or mobile apps, in order to positively influence the customer experience in these areas. The majority of comdirect customers are also promoters of their bank under the NPS benchmark (54 %).

Customer satisfaction is also a high priority for mBank. Projects such as “mSatisfaction” are designed to further strengthen customer loyalty. mBank measures satisfaction with the relationship in general and with particular products and processes in retail and corporate banking by using the NPS. The results in both customer segments substantially exceeded the Polish industry average in the year under review. At the beginning of 2019, mBank was awarded a Service Quality Star in the cross-sector consumer survey on customer satisfaction conducted as part of the Polish Service Quality Programme.

The high level of customer satisfaction is reflected in the growing number of new customers: in 2019, the Private Customers segment hit 1.5 million net new customers since the fourth quarter of 2016. This put the segment well on track to meet the target of 2 million net new customers by the end of 2020.

- Key figure: The Private Customers segment gained more than 470,000 net new customers in Germany in 2019 (2018: 420,000, 2017: 502,000).

Regular customer surveys also provide the Corporate Clients segment with information on how satisfied customers are with the service they receive, and what expectations and wishes they have for the relationship. Based on the surveys, most of our corporate customers intend to take advantage of the Bank's service offerings to the same extent as currently and are happy to recommend us.

Engaging customers

All Group companies actively engage with customers so as to take systematic account of their interests. Experts communicate with customers through various media to ensure that their ideas and suggestions are taken into account when developing products and services. These include the UX Studio, a test laboratory where customers and employees of Commerzbank Aktiengesellschaft are involved in the development of digital products and services. UX stands for user experience, that is, the customer's experience before, during and after their use of a product. mBank has a similar project known as the mLab, where banking experts meet with customers to design and test new services. In line with the design thinking method, customers become part of the process by supporting us in developing solutions and testing prototypes. comdirect's customer integration activities are based around the comdirect community web platform, where customers and others with an interest in the financial markets can discuss products and other financial topics with the Bank.

The Corporate Clients segment of Commerzbank Aktiengesellschaft conducts regular customer surveys on specific topics in order to develop its range of products and services. This provides us with information on customer preferences and requirements, which can be used in the design of products and processes. The aim is to base product optimisation and innovation on the benefits provided to customers, e.g. in the field of digitalisation. At Commerz Real, too, Asset Management addresses its real estate tenants directly. Their suggestions help with the optimisation of the property portfolio.

Removing barriers

To make Commerzbank's products and services available to all interested parties, we go to great lengths to ensure that our branches and online offering are fully accessible. In 2019, around 65% of our branches were fully accessible. We strive to ensure accessibility for all user groups where possible whenever we renovate a branch or install an ATM. For cash disbursements, all of Commerzbank Aktiengesellschaft's ATMs have a read aloud function for visually impaired customers. Further information on our efforts to be inclusive, including towards our employees, can be found in the following section under "Diversity and equal opportunities".

Our responsibility as an employer

The corporate success of the Commerzbank Group is based on qualified and motivated employees. Our 48,512 colleagues worldwide contributed their knowledge and experience to our work processes in 2019. A fundamental appreciation of the importance of fairness, respect of others and lived diversity is anchored in our "ComValues" and our code of conduct; it is our responsibility as an employer to ensure its implementation.

Employer attractiveness

Commerzbank aims to offer its staff a working environment characterised by a spirit of partnership. Our human resources policy provides a framework which promotes the development of each individual employee as well as collegial cooperation within the Group, even in a challenging economic setting. At the same time, the Bank has to confront the challenges posed by increasing digitalisation in order to remain viable. The associated headcount reduction decided on within Commerzbank Aktiengesellschaft was further implemented in 2019 in a socially responsible way.

Despite staff increases in strategically important areas, an additional Group-wide reduction in full-time positions of 4,300 gross and 2,300 net is unavoidable as a result of the transition to "Commerzbank 5.0". The Bank will do everything it can to ensure that this additional headcount reduction is also as socially responsible as possible through the responsible use of human resource management instruments.

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One of the major challenges for the Group's HR team at the moment is to implement the headcount reduction fairly while at the same time retaining employees in a challenging labour market and securing new experts for the digital transformation. Initiatives to ensure that the Bank has a healthy pipeline of future talent are firmly solidified in the HR strategic agenda. These include, for example, new trainee programmes focusing on digitalisation or a more generalist pathway. Rising numbers of trainee positions, innovative training programmes and the opportunity to pursue various development paths should also make the bank attractive for talented young people, however.

Commerzbank Aktiengesellschaft fundamentally restructured its Group head office in the year under review. All products and services are now developed and managed by clearly defined organisational units under the Campus 2.0 project. Within these units, known as clusters, specialist and IT staff work together in non-hierarchical teams, applying agile working methods to become faster and more flexible in the market and for our customers.

Developing employees

Commerzbank Aktiengesellschaft offers a host of optional and mandatory training modules (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. The different requirements call for learning and information formats that are appropriate to specific target groups. These include needs-based learning sprints for managers or digi sessions for all employees. Our performance instruments such as performance appraisal or competence management and individual development concepts have also been realigned to meet the needs of the digital strategy. We are also addressing the increasingly digital working world within the Group through changes in work structures: mobile technical applications, agile working and flexible workplaces and working hours are just a few of the keywords in this context.

Combining work and private life

Alongside professional development, work-life balance is an important goal to remain attractive as an employer. 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 the "Keep in Touch" programme, which facilitates 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.

With an ageing workforce, taking care of relatives is becoming increasingly important. As a result, there was higher demand for our care-related workshops and advisory services in 2019. In the year under review, Gruner&Jahr Verlag honoured this commitment

by naming the Bank best employer for women. A good work-life balance is also made available to comdirect employees, who receive support through emergency and holiday childcare and the offer of a parent-child office. comdirect is also a member of the Federal Ministry for Family Affairs "Success Factor Family" network and is committed to innovative working models that support the diverse realities of family life.

Maintaining health

Health management is another key aspect of Commerzbank Aktiengesellschaft's HR activities: the Bank seeks to promote the mental and physical health and social well-being of its employees. We analyse working conditions on a continuous and holistic basis using the legally required risk assessment tools. Significant changes on workplaces are considered as a preventive measure when new software is introduced. We also consult employees and managers on a regular basis about various aspects such as work structures or leadership and team topics. Based on this analysis, targeted measures are then developed and their effectiveness tested.

The demands on the world of work are changing. We want to empower employees and managers to deal with this themselves. To this end, we offer them a wide range of preventive measures such as professional advisory services (e.g. the Employee Assistance Programme) or training, including how to deal with stress, and campaigns to encourage people to stay mobile. A pilot series of training sessions on de-escalation in customer contact was continued in 2019 to provide employees with concrete recommendations for action in stressful situations. Employees of Commerzbank Aktiengesellschaft also have the opportunity to participate in more than 50 types of sport offered by the some 150 company sports groups throughout Germany. Around 11,000 employees took advantage of this in 2019.

Health has been a strategic topic at Commerzbank Aktiengesellschaft since 2016. In 2013, the Bank became the first company in Germany to have its occupational healthcare management certified by TÜV Süd according to the Corporate Health Standard. Although the principles of HR apply Group-wide, there are some company-specific particular features when it comes to how they are implemented. Commerzbank Aktiengesellschaft and Commerz Real implement most concepts jointly. comdirect works to improve its employees' health through sport and relaxation courses, an employee support programme delivered through specialist service providers offering advice on both physical and psychological health issues, and a company doctor service.

Consulting employees

Employee satisfaction during periods of corporate restructuring is an important yardstick for assessing whether key objectives of our strategy resonate with employees. To this end, in July 2019

Commerzbank Aktiengesellschaft conducted a short survey of 3,500 randomly selected employees for the first time. The results showed that the vast majority of employees are happy at work, even though the recent headcount reductions have demanded a great deal from them. The survey, known as the “Pulse Check”, will in future be conducted twice a year among around 10% of the workforce each time. mBank also obtains an anonymised picture of employee satisfaction every year through its employee engagement survey.

Offering fair remuneration and attractive additional benefits

We want to create a good working environment by offering attractive additional benefits, showing recognition and positioning ourselves as an attractive employer. Commerzbank Aktiengesellschaft has for many years supplemented the statutory pension with a company pension. Employees can also take advantage of other occupational pension products at special conditions. We also offer our employees the opportunity to lease cars, high-quality bicycles or IT equipment for private use through the Bank.

As a result of the increased significance arising from greater regulation, the remuneration systems and aggregated remuneration data for employees below the level of the Board of Managing Directors are disclosed in a separate report (remuneration report pursuant to Art. 16 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung)). This is published annually on the Commerzbank website.

Information on HR risks such as motivational, resignation and bottleneck risks is reported to the Board of Managing Directors on a regular basis (see the “Other risks” section of the Group Risk Report).

Diversity and equal opportunities

A working environment that is free of prejudice, characterised by mutual respect and acceptance is a basic requirement for a climate where everyone is able to thrive. We do not tolerate discrimination at Commerzbank. Any form of discriminatory treatment on the basis of ethnicity, age, disability, gender, origin, physical ability, nationality, political activity, religion or sexual identity constitutes a violation of human dignity and personal rights. With this in mind, in 2004 Commerzbank Aktiengesellschaft and the Central Works Council concluded a works agreement prohibiting discrimination, bullying and sexual harassment. The agreement defined preventative measures, procedures for dealing with complaints, and sanctions to be applied. In Poland, mBank is a signatory of the Responsible Business Forum’s Diversity Charter. As such, the Bank also undertakes to prevent discrimination in the

workplace and implement measures to create and promote diversity.

For almost 30 years, our Diversity Management unit has been working for an open and fair Group-wide environment where everyone feels appreciated. The focus is on the topics of gender equality and inclusion of people with disabilities and the promotion of cultural diversity within the Group. We see diversity as a success factor for the Bank’s performance. Worldwide, the Group employs people from around 120 nations. Their diverse origins vitalise and enrich interactions. Differences in viewpoint and experience lead to new ideas.

Promoting women

Teams characterised by diversity often perform better, and they are also indispensable for corporate success in view of internationalisation and demographic change. Although a small majority of the Commerzbank staff is female (53%), women are not yet represented at management level to the same extent. For this reason, in recent years the measures designed to promote a good work-life balance have been further improved to open up fresh career opportunities for women in particular. They include the expansion of childcare offerings, innovative part-time working models, including for managers, and a Bank-wide mentoring programme.

These measures have enabled Commerzbank to increase the proportion of women in leadership positions to more than 30% Group-wide over the past few years. The Bank has now set itself a new goal of achieving a proportion of 35% across all management levels by the end of 2021. All divisions of Commerzbank Aktiengesellschaft are explicitly tasked with actively approaching suitable female employees during the recruitment process. The aim is to further increase the proportion of female candidates for management positions when filling new positions. Conversely, male candidates should be approached if a management position only attracts female applicants. comdirect also encourages women in management positions with specific offerings such as seminars and an internal network. Further information on the proportion of women on the Supervisory Board and Board of Managing Directors and at the first and second levels of management can be found in the “Diversity” section of the Corporate Governance Report.

- Key figure: The proportion of women in management positions came to 32.5% Group-wide at the end of 2019 (2018: 30.8%, 2017: 30.7%).

Driving inclusion

The inclusion of people with disabilities is another part of our diversity strategy. In 2018, Commerzbank Aktiengesellschaft became the first bank in Germany to publish an inclusion action plan based on the UN Convention on the Rights of Persons with

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Disabilities. Following on from this, we set clear implementation priorities in 2019. 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. In the Bank's UX studio, for example, employees with a range of disabilities take part in tests to ensure that our digital innovations are accessible.

Framework agreements were also concluded with the Rhineland-Palatinate Regional Association for the Deaf and the Association of Sheltered Workshops (GDW Mitte) in 2019. These will help us improve the availability of sign language interpreters for deaf employees and standardise the provision of services and products from workshops for people with disabilities throughout Germany, with a view to promoting inclusivity in our business activities.

Between 2014 and 2018, Commerzbank Aktiengesellschaft consistently exceeded the statutory requirement of 5% employees with severe disabilities and no compensation was payable.

Treating each other with respect

For some 20 years now, Commerzbank Aktiengesellschaft has been committed to an open approach in respect of the sexual orientation and gender identity of its customers, employees and business partners. To send out a visible signal of this approach, in 2019 we displayed the Commerzbank Tower and the Bank's logo in rainbow colours during pride season and participated in numerous other initiatives.

Linking like-minded people

Commerzbank Aktiengesellschaft's seven employee networks make a further important contribution to a lively and diverse corporate culture and thus support our diversity management goals. They regularly participate in internal events and public campaigns, and offer colleagues the opportunity to network and develop their skills across all levels. Some 1,500 employees were involved in the networks in the year under review.

Our responsibility in corporate governance

For us, responsible corporate governance includes the promise to be "the bank by your side". We want to be a reliable partner for our stakeholders, and our actions are guided by ethical values such as integrity and fairness. As an active part of society we want to help shape the world around us. We achieve this primarily through the positive effects of our financial services on the economy and through the role of the Bank as an employer and taxpayer.

We also view the offer of high-quality financial services as an important infrastructural contribution our Bank makes to society. The Commerzbank Group and its foundations also engage in extensive voluntary work for charitable purposes, for example through numerous cooperation and sponsoring projects and the support of staff in such projects.

Integrity and compliance

Integrity is a key element of our corporate culture and requires every single person to act responsibly so that their activities on behalf of the Bank are in line with the relevant laws, voluntary commitments and internal directives. The globally binding code of conduct, which was recognised by Compliance Manager magazine in 2019, guides our employees in correct and ethical behaviour in their everyday work. The code makes it clear what Commerzbank expects from the employees in the Group: that they not only comply with laws, regulations and internal guidelines but also stay within our guiding principles.

The focus of Commerzbank's compliance activities is on preventing and uncovering money laundering, terrorist financing, market abuse (insider trading and market manipulation), fraud, corruption and other criminal activities wherever the Bank does business, as well as on protecting investors. We also ensure that insider information and other confidential data about our customers and their transactions are protected in accordance with the need-to-know principle. Commerzbank Aktiengesellschaft's Compliance division has wide-ranging authority and escalation rights, including powers to obtain information and carry out investigations, enabling it to implement its requirements throughout the Group.

Clarifying the claim

Through its cross-segment "culture of integrity" network, Commerzbank Aktiengesellschaft teaches its employees what is important in their daily working lives: to act professionally and fairly in accordance with our "ComValues". We are guided by these values, and they provide orientation in a dynamic environment. At the same time, it is important to treat compliance risks with the same relevance and professionalism as credit and market risks. We report regularly via a Bank-wide communication campaign on practical examples of correct conduct in grey areas, show where potential violations of the law may occur and indicate what the right response should be. The campaign is accompanied by posters in Germany and at the international locations. Commerz Real participates in the initiative and has developed its own management principles, which were incorporated in the objective-setting process for managers in 2019. This will improve shared goal orientation on compliance issues.

To promote conduct characterised by a high degree of integrity and reward employees who act as a role model, Commerzbank Aktiengesellschaft has instigated the Culture of Integrity Award. It is given to employees or teams who have distinguished themselves through their integrity and protection of customer and bank interests. The winners in 2019 were employees of the Brussels branch, whose commitment helped prevent losses of around €5.6m for a corporate customer who was a victim of CEO fraud. Some 20 nominations were received from various parts of the Bank worldwide, ranging from exemplary conduct when uncovering money laundering or fraud to a number of other integrity and compliance issues.

Fighting corruption

In our fight against corruption and bribery, we go further than simply focusing on statutory requirements such as the German Criminal Code, the UK Bribery Act or the US Foreign Corrupt Practices Act. We also adhere to the OECD's Guidelines for Multinational Enterprises and comply with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. These external standards are supplemented with internal guidelines: Commerzbank's Global Anti-Bribery and Corruption Policy (ABC Policy) seeks to combat active and passive bribery and other forms of corruption. The Bank conducts ABC training sessions to help employees implement the policy. All staff and managers complete the mandatory anti-corruption training every year. Business and functional units with heightened risk profiles and individuals in functions at Commerzbank Aktiengesellschaft that have an increased risk of bribery and corruption receive additional needs-based training. In 2019, 40 employees at the London branch attended face-to-face fraud and ABC training. Compliance bootcamps – intensive three-day training sessions for small groups – were also organised for internationally active corporate customer advisors. In addition, an anti-corruption team is available to answer employees' questions at any time.

Corruption and other criminal acts by staff are explicitly not tolerated by Commerzbank. The Bank has a zero-tolerance approach to criminal offences. Any employee who is proven to have breached this principle will face the full consequences under labour, civil and criminal law.

- Key figure: We are not aware of any cases of corruption in the Commerzbank Group in 2019 (2018: none, 2017: none).

Preventing money laundering

The core tasks of Compliance also include meeting regulatory requirements for the prevention of and fight against money laundering and terrorist financing. Alongside local laws, regulatory requirements and industry standards, we also take into account recognised international standards such as the recommendations of the Financial Action Task Force on Money Laundering (FATF) and the Wolfsberg Anti-Money Laundering Principles. Commerzbank uses the know-your-customer principle, which involves obtaining detailed knowledge about and an examination of the customer in order to create transparency in business relationships and individual transactions. Commerzbank achieves this through the use of appropriate monitoring systems.

The Central Office for Financial Transaction Investigations, the Federal Financial Supervisory Authority (BaFin), the Federal Criminal Police Office and various banks including Commerzbank Aktiengesellschaft founded the Anti Financial Crime Alliance in September 2019. This alliance between the public and private sectors aims to establish a lasting strategic cooperation in the fight against money laundering and terrorist financing in Germany.

Observing sanctions

Compliance is also responsible for ensuring that the financial and economic sanctions applicable for the Bank and additional regulatory requirements are observed. In doing so, we enact directives and instructions as well as inform the segments, Group divisions and subsidiaries about sanction-related restrictions to business policies, advise them in their implementation and monitor compliance with them. If Commerzbank Aktiengesellschaft has business relationships with countries affected by sanctions, these are monitored closely and accompanied by measures which may include termination of the business relationship.

Preventing or reporting fraud

The Group takes comprehensive precautions to prevent fraud. Compliance has defined a large number of measures to prevent, uncover and respond appropriately to financial crime, with the aim of protecting the assets of our customers and the Bank. Relevant business partners from whom the Bank purchases products and services are also subject to a compliance check for indications of corruption or fraud. The main rule is a zero-tolerance approach to attempts at fraud. This also means that we are open to tip-offs.

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Alongside proven communication channels such as contacting the Compliance and Audit departments, Commerzbank has set up a whistle-blowing platform called the Business Keeper Monitoring System (BKMS). The online platform allows customers, employees and third parties to report any suspicion of financial crime, violations of regulatory rules and requirements or breaches of internal instructions and other requirements within Commerzbank – anonymously if desired.

Protecting the market and customers

Market and customer protection is no less important. In addition to legal consequences, violations can harm the Bank's reputation and lead to a loss in profitability. We therefore provide information to our customers, explain risks and fulfil recording and retention requirements in order to verifiably document the fact that our actions comply with rules. We have introduced a system for managing conflicts of interest aimed at avoiding potential conflicts of interest or resolving them appropriately. For instance, Commerzbank Aktiengesellschaft uses a conflict of interest tool in its corporate customer business. Data on relevant transactions in the corporate customer and capital markets businesses is collected worldwide in order to check the transactions for potential conflicts of interest. We counter attempts at market manipulation resolutely and work to respect the integrity of markets and the need of our customers for protection.

Managing compliance risks

As a proactive risk manager, Group Compliance is responsible for ensuring systematic compliance with laws and regulations throughout the Group. Its objective is to identify compliance risks before they materialise, and to manage them effectively if and when they do arise. Potential compliance risks are evaluated and mitigated on the basis of a risk analysis. It is carried out once a year and applies to all Group companies and their business divisions, branches and other affiliated or dependent companies in Germany and abroad that are deemed to be relevant for compliance purposes. We regularly review the prevention measures implemented as a result of the risk analysis and supplement them as needed.

In order to satisfy the requirements of increasingly complex national and international legislation and regulations, the Group is continually developing its compliance risk management and bringing this in line with current developments and challenges. Other central prevention systems include controls to assess the appropriateness and effectiveness of relevant processes, employee training, compliance support and advice for business units with regard to process development and transactions, compliance hotlines and committees with compliance involvement, case-by-case approvals by the compliance function, mandatory approval for securities transactions in insider-relevant areas, mandatory time away, reliability checks of potential employees, due diligence

reviews of third parties, an integrity clause to be signed by all suppliers and service providers, and the BKMS whistle-blowing system.

Documenting violations

The Bank's consequence management process ensures that sanctions for violations of rules and statutory or regulatory provisions are applied as uniformly as possible throughout the Group. Misconduct by employees requiring at least a written warning is documented centrally. The anonymised evaluation of cases helps identify the types of misconduct that occur and which regulations or regulatory provisions have been violated. Transparency allows mistakes to be used as a learning opportunity and to adjust rules and processes accordingly.

Further information on the compliance function and compliance risks can be found in the "Important business policy and staffing events" section of the Group Management Report and in the "Other risks" section of the Group Risk Report.

Stakeholder dialogue

Corporate responsibility also means seeking a regular exchange with external and internal stakeholders. Commerzbank maintains relationships with numerous organisations and groups which approach the Company with requests, demands or suggestions. We prioritise dialogue with stakeholder groups which have a perceptible impact on Commerzbank's economic, environmental or social performance or are heavily affected by it. Alongside the employees, this also includes customers and the capital market, suppliers, the media, non-governmental organisations, political bodies, representatives of civil society and science.

The discourse on important questions relating to social, economic and financial policy is of great importance to us. Commerzbank pursues an active and transparent dialogue with a view to satisfying the expectations and needs of its stakeholders, including them in its corporate strategy and setting out its own perspective. For example, we regularly discuss the potential impact of our business activities on human beings and the environment with non-governmental organisations.

Fostering opinion-forming

We are also engaged in a continuous dialogue with domestic and international regulatory and supervisory authorities and decision-makers in politics in order to improve the clarity and reliability of provisions on products and services – in the interests of both our customers and our long-term planning capability. As the interface between the Bank and political bodies, Commerzbank Aktiengesellschaft's Public Affairs department formulates positions on relevant political and regulatory issues. On-site support is provided through the Bank's two liaison offices in Berlin

and Brussels and a liaison officer based at the Institute of International Finance (IIF) in Washington. Through its lobbying activities, the Bank plays an integral role in the democratic opinion-forming process and aims to encourage appropriate, sound decisions that are geared towards the common good. The focus is on explaining banking and financial market issues with a view to helping politicians and administrators develop and expand their knowledge of the sector as the basis for appropriate decision-making. We are entered in the EU's Transparency Register and report on local activities, acting persons and annual expenditure on political lobbying. In accordance with its donations directive which applies Group-wide, Commerzbank makes no donations to political parties, party institutions or politicians.

We have established several event formats for dialogue with political representatives. These include the "Political Breakfast" in Berlin, at which guest speakers debate social and economic policy issues with representatives from politics, science and business during the weeks when parliament is in session. "Commerzbank in Dialogue" sees the Chairman of the Board of Managing Directors of Commerzbank debate issues with high-profile personalities from politics or business. Members of parliament and speakers come together at "Mittags:werkstatt" events to share specialist knowledge and discuss current topics. "SHE VIP" is a networking format created by and for successful women from business, politics, society, media or culture. These activities can be followed on social media at #cobapolitics.

Highlighting customer issues

SME topics are at the heart of Commerzbank's "Unternehmerperspektiven" initiative (Business Owners' Views). Once a year it surveys 2,000 owners and managers at the first management level from companies of different sizes and industries. Representatives from business, associations, politics and science debate the results via interactive events. The focus in 2019 was on internationalisation. The study "How secure are the markets: managing risks in international business" showed how SMEs are dealing with geopolitical uncertainties. At 12 events across Germany, one in Switzerland and one in Belgium, participants had the opportunity to exchange viewpoints, gather ideas for successful internationalisation projects and forge new contacts.

Another 2019 study looked at challenges for company founders. The survey covered around 3,000 freelancers, craftspeople and tradespeople throughout Germany who have founded their companies within the last six years. The results clearly show that women are in the minority when it comes to starting one's own business, and that a large proportion of founders only start their own business with equity capital.

Bureaucracy makes life difficult for company founders, with customer acquisition and tax issues also presenting numerous challenges.

Social commitment

In terms of social commitment, the Group engages with its environment in a variety of ways. Numerous projects and initiatives developed together with partners from business and society contribute to resolving current problems. Here, Commerzbank Aktiengesellschaft focuses on education and sports. One example is the environmental internship launched with the German national parks in 1990. Every year, the internship gives up to 75 students practical experience in the areas of environmental education and PR work in German national parks. The environmental internship is organised and financed by Commerzbank, with the national parks providing technical support and assistance in return. More than 1,700 students have taken part in the programme since it began. After completing the programme, the graduates then bring their experience to bear in business, politics, society and environmental protection.

The Green Band initiative ("Das Grüne Band") has been going even longer – for over 30 years. Together with the German Olympic Sports Confederation, Commerzbank Aktiengesellschaft awards a prize of €5,000 to 50 sports clubs annually that have made outstanding contributions to promoting talent and youth in sport. To date, more than 1,900 sports clubs have benefited from the initiative. The German Football Association's DFB Junior Coaches cooperation project is also designed to support grassroots sport. While the DFB trains young people in schools to become junior football coaches, Commerzbank mentors provide support in preparing the young people for working life, organising job application training and providing work experience for school students in Commerzbank branches. Almost 20,000 young people have been trained as DFB junior coaches since the project started in 2013.

Promoting employee engagement

Commerzbank also places emphasis on corporate volunteering as part of its social commitment. Staff are encouraged and enabled to perform voluntary charity work, with the Bank granting leave and providing the necessary infrastructure. This personal commitment benefits society and improves the living conditions of disadvantaged people. The projects also have a positive effect on the colleagues participating in them and promote mutual understanding.

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Our employees are able to get involved in a wide range of projects. Opportunities in Germany include the Commerzbank educational mentorship programme for disadvantaged young people, the Malteser Social Day, non-profit sports projects, the business@school initiative and various Christmas campaigns for welfare institutions. Commerzbank Aktiengesellschaft also donated a total of around €380,000 to various institutions and organisations over the past year.

In 2019, mBank was for the second time the exclusive bank partner and sponsor of the 27th edition of Poland's biggest charity event, the Great Orchestra of Christmas Charity Foundation. For each day between Christmas 2018 and the Grand Finale fundraiser in mid-January 2019 on which there were at least 100 payments made to the foundation by mBank customers, the bank donated an additional PLN 100,000. mBank donated a total of around €470,000 (PLN 2m) to the foundation through this campaign. The bank also donated more than 40 works of art from its own collection, which were auctioned off for around €400,000 (PLN 1.7m).

Foundations shape the future

Various foundations supported by the Group also make an important contribution to society. The Commerzbank Foundation, for example, supports key facilities and exemplary projects related to scientific, cultural and social activities throughout Germany, providing incentives for young researchers, cultural mediation and social participation. In addition, six social foundations have been established to provide financial support to the Bank's employees in unforeseeable emergencies. The common aim of all the foundations is to make a long-term and sustainable contribution to the future viability of society. Commerzbank Aktiengesellschaft provided a total of €841,000 in funding for these foundations in 2019, covering expenses such as staff, workplaces and other operating costs.

comdirect is involved together with the Stuttgart stock exchange in the "Stiftung Rechnen" maths foundation. The foundation, which celebrated its tenth anniversary in 2019, promotes the importance of mathematics as a fundamental science and the improvement of maths skills in Germany. The mFoundation in Poland has a similar objective. For the period from 2014 to 2020, it has put an emphasis on its "m for mathematics" strategy, which entails working with schools, universities and libraries to strengthen maths skills across the country. The mFoundation's donation volume came to around €673,000 (PLN 2.88m) in 2019. mBank also provides financial help to staff, retirees and their family members in health emergencies through its employee benefits fund.

About this report

Under the German Act on Strengthening Corporate Non-Financial Reporting (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG), Commerzbank is required to prepare a non-financial report pursuant to Art. 340a (1a) of the German Commercial Code (HGB). With this combined separate non-financial report for Commerzbank Aktiengesellschaft and the Group, we satisfy this requirement pursuant to Art. 340i (5) in conjunction with Art. 315b (3) HGB and Art. 340a (1a) HGB in conjunction with Art. 298 (2) to (4) and Art. 289c to 289e HGB. Under CSR-RUG, information is required as a minimum on environmental protection, treatment of employees, social responsibility, respect for human rights and the fight against corruption and bribery. Commerzbank also reports on a sixth essential aspect, the treatment of customers, as we view customer focus as a key non-financial success factor for both Commerzbank Aktiengesellschaft and the Group. To identify relevant topics, we conducted a materiality analysis for ten non-financial issues that are key to understanding the business performance and situation of both Commerzbank Aktiengesellschaft and the Group and that are significantly impacted by our business activities (see table "Content of the non-financial report"). The legally required description of the business model can be found in the "Structure and organisation" chapter of the (Group) Management Report.

In many areas – compliance, HR management and reputational risk management, for example – the guidelines of Commerzbank Aktiengesellschaft apply to the entire Group by way of the "global functional lead" role. If arrangements in the subsidiaries differ from those of the parent company, this is indicated in the report. Commerzbank Finance & Covered Bond S. A., which as at the end of 2019 had just ten remaining employees and was exclusively managing a run-off portfolio, did not have any additional information to contribute on material non-financial issues in 2019.

The option provided by law of using a reporting framework has not been adopted in the interest of providing focused information for the readership of our financial reporting. Nevertheless, the non-financial report is guided by the standards of the Global Reporting Initiative (GRI) where relevant for the ten issues. Detailed information on Commerzbank Aktiengesellschaft's corporate responsibility strategy, the objectives of its sustainability programme and other non-financial indicators can be found in the comprehensive GRI report and the declaration of compliance with the German Sustainability Code published on the Group's corporate responsibility website (<http://www.sustainability.commerzbank.com>). Apart from the description of the business model, references to further information do not form part of this non-financial report.

We are not aware of any material risks resulting from the application of the net method either from the Bank's own business activities or in connection with business relations, products or services that would be highly likely to have a severe negative impact on the non-financial aspects, now or in the future. Further information on our risk management can be found in the Group Risk Report.

This non-financial report was subject to a limited assurance engagement performed by the auditing firm Ernst & Young in accordance with ISAE 3000 (Revised). The report on the engagement can be found in the Group's Annual Report under "Further information".

Content of the non-financial report

Material aspects in accordance with the CSR-RUG	Associated issues according to the materiality analysis	Included in chapter
Environmental protection Respect for human rights	<ul style="list-style-type: none"> • Holistic risk management • Sustainability effects in lending • Sustainable investments and capital market products 	Our contribution to sustainable finance
Treatment of customers	<ul style="list-style-type: none"> • Data security • Transparency and fairness in customer relationships 	Our responsibility towards customers
Treatment of employees	<ul style="list-style-type: none"> • Employer attractiveness • Diversity and equal opportunities 	Our responsibility as an employer
Anti-corruption	<ul style="list-style-type: none"> • Integrity and compliance 	Our responsibility in corporate governance
Social responsibility	<ul style="list-style-type: none"> • Stakeholder dialogue • Social commitment 	

Translation from the German language of Independent Auditor's Limited Assurance Report

To Commerzbank AG, Frankfurt/Main

We have performed a limited assurance engagement on the non-financial report of Commerzbank AG according to §§ 340a in conjunction with 289b HGB ("Handelsgesetzbuch": German Commercial Code), which is combined with the non-financial report of the group according to §§ 340i in conjunction with 315b HGB, consisting of the Combined Separate Non-financial Report as well as the section "Structure and organisation" in the Management Report and in the Group Management Report being incorporated by reference, for the reporting period from 1 January 2019 to 31 December 2019 (hereafter non-financial report). Our engagement did not include any disclosures for prior years.

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial report in accordance with §§ 340a in conjunction with 289c to 289e HGB and §§ 340i in conjunction with 315c HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial report that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)).

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial report of the Company has been prepared, in all material respects, in accordance with §§ 340a in conjunction with 289c to 289e HGB and §§ 340i in conjunction with 315c HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2019 and February 2020, we performed amongst others the following assurance and other procedures:

- Inquiries of employees and inspection of relevant documentation regarding the selection of topics for the non-financial report, the risk assessment and the concepts of Commerzbank AG and of Commerzbank Group for the topics that have been identified as material,

- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the non-financial report, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial report,
- Identification of likely risks of material misstatement in the non-financial report,
- Inspection of relevant documentation of the systems and processes for compiling, aggregating and validation of data in the relevant areas e.g. compliance and employees in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures in the non-financial report on company level and on group level,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data and
- Evaluation of the presentation of disclosures in the non-financial report.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial report of Commerzbank AG for the period from 1 January 2019 to 31 December 2019 has not been prepared, in all material respects, in accordance with §§ 340a in conjunction with 289c to 289e HGB and §§ 340i in conjunction with 315c HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Commerzbank AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn/Frankfurt, Main, 2 March 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Claus-Peter Wagner
Wirtschaftsprüfer
(German Public Auditor)

Nicole Richter
Wirtschaftsprüferin
(German Public Auditor)