

# Principles for Responsible Banking



Reporting and Self-Assessment

June 2022



## Principle 1: Alignment

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

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<p><b>1.1</b> Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 28,000 corporate client groups and around 11 million private and small-business customers in Germany. The bank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30% of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business. The bank focusses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. Following the integration of comdirect, private and small-business customers benefit from the services offered by one of Germany's most advanced direct banks combined with personal advisory support on site. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.5 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2021, Commerzbank generated gross revenues of some €8.5 billion with 46,218 employees.</p>	<p><u><a href="#">GRI Report 2022: 102-1, 102-2, 102-4, 102-6, 102-7</a></u></p> <p>Commerzbank Website: <u><a href="#">Commerzbank AG - Press Release</a></u></p>



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<p><b>1.2</b> Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>As Commerzbank, we take our responsibilities as a financial service provider and as an active part of society very seriously. Our strategy includes our commitment to the ten universal principles of the <u>UN Global Compact (UNGC)</u>, the <u>17 Sustainable Development Goals (SDGs)</u> of the United Nations, as well as that we are committed to the goal under the <u>Paris Agreement</u> of limiting global warming to well below 2°C and of aiming for the target of 1.5°C. We present Commerzbank's achievements and progress in this area of sustainability in our GRI Report, which also serves as our UNGC Progress Report.</p> <p>In April 2021 we became one of the first signatories of the <u>Net-Zero-Banking Alliance</u> launched by the United Nations Environment Programme Finance Initiative (UNEP FI). The aim of this voluntary commitment is to reduce the CO2 balance sheet of our entire lending and investment portfolio to net zero by 2050 at the latest. A key part of the assessment of portfolio related greenhouse gas emissions will be constituted by the Science Based Targets Initiative (SBTi), which we joined in September 2020 and ensures us that the goals of the Paris Agreement are met. In addition, aligning our non-financial report with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time in 2021 further underlines our strong commitment towards sustainable development and counteracting climate change.</p> <p>We want to nurture the sustainable development of our company and the environment in which we operate. To ensure a systematic approach, we have anchored sustainability as one of four key cornerstone alongside customer orientation, digitalisation and profitability as part of our "Strategy 2024" programme. To this end, the core of our sustainability strategy is our commitment made in April 2021 to becoming a net zero bank. Our strategy to achieve this vision rests on two pillars: we support our customers in their sustainable transformation and set a good example ourselves.</p>	<p><u>GRI Report 2022: 102-11, 102-15, Sustainable Finance SF 103</u></p> <p><u>Non-financial report 2021: p. 40ff, 44, 46</u></p> <p>Commerzbank Website: <u>Positions &amp; Policies; Memberships &amp; Initiatives</u></p>



## Principle 2: Impact and Target Setting

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





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<p><b>2.1 Impact Analysis</b></p> <p>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <ul style="list-style-type: none"> <li>a. <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</li> <li>b. <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</li> <li>c. <u>Context &amp; Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</li> <li>d. <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</li> </ul>	<p>Companies can only be successful in business if their day-to-day activities are socially accepted and they meet their responsibility towards the environment and society. By adhering to the principle of corporate responsibility, environmental, social and ethical aspects play a central role in the way we manage our company. As part of our "Strategy 2024", we have defined sustainability as a key cornerstone.</p> <p>We constantly monitor relevant megatrends, analyze current developments and evaluate them in terms of potential opportunities and risks. Our overarching goal is to reduce potentially negative impacts of our financial services and to take every opportunity to steer our business in a future-oriented direction. Therefore, we are continuously reducing our environmental footprint and align our core business with the aim of promoting sustainable development. With our net zero commitment, we are underlining our determination to play an active role in shaping the sustainable transformation of the economy and society and to drive forward climate protection on many levels.</p> <p>Positions and policies concerning environmental and social issues have also long been an integral part of Commerzbank Aktiengesellschaft. For example, we have binding rules in place for handling environmental and social risks. This is why we have a clear stance on controversial topics such as arms, fossil energies and mining.</p> <p>Since the transformation into a sustainable economy affects our customers and ourselves in equal measure, a further key priority is to support our clients on their path towards a sustainable transformation. For this reason, we are expanding our range of innovative and environmentally friendly products and services</p> <p>&gt;&gt;</p>	<p><a href="#">GRI Report 2022: 102-15, 102-16, 304/103, Sustainable Finance SF 103</a></p> <p><a href="#">Non-financial report 2021: p. 40ff, 49</a></p> <p>Commerzbank Website: <a href="#">Commerzbank AG - Memberships &amp; Initiatives</a> <a href="#">Commerzbank AG - Positions and Policies</a> <a href="#">Commerzbank AG - Strategy</a></p>



**Reporting and Self-Assessment Requirements**

**High-level summary of bank's response (limited assurance required for responses to highlighted items)**

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Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

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In the scope of our net zero commitment, we are using the SBTi method to calculate and reduce the CO2 emissions associated with our loan portfolio ("financed emissions") by 2025 at the latest. This will in special focus be applied to emission-intensive sectors such as fossil fuels. By relying on scientifically calculated targets, the SBTi method will enable us to manage risk holistically and align our climate policy with the goals of the Paris Agreement.

At the end of 2021, Commerzbank also began carrying out a new materiality analysis. Last conducted in 2018 to identify the key issues that are material for the company today and in the future, the current analysis will be completed in the first half of 2022. Among other issues, the results concluded that biodiversity is of fundamental importance. This and other findings will be firmly integrated into the strategy process and will continue to shape reporting in the future.

As a key part of our risk governance, a cross-type materiality assessment for climate and environmental risk was also conducted for the first time in 2021. It examined risk types regarded as fundamentally material for the bank and assessed the materiality of transition risks and physical risks for the respective risk type, such as credit risk or reputational risk. The findings of the analysis feed into the business strategy, the overall risk strategy, and the sub-risk strategies, as well as in other core elements of the bank's Internal Capital Adequacy Assessment Process (ICAAP).

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.**

We have committed ourselves to promote sustainable development. The goal is to continuously improve our positive impact on the environment and society while reducing negative ones. In this regard, we have already identified significant impact areas of our business and introduced processes to control them. Over the next few years, we will continuously focus on our impact analysis.



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<p><b>2.2 Target Setting</b></p> <p>Show that the bank has set and published a minimum of two <b>Specific, Measurable</b> (can be qualitative or quantitative), <b>Achievable, Relevant and Time-bound</b> (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>In the past two years, Commerzbank has undergone a comprehensive realignment of its governance and strategic orientation in the area of sustainability. In this context, we committed ourselves to becoming a net zero bank in the first quarter of 2021 alongside further milestones driving our sustainable transition.</p> <p><b><u>Net zero ambition:</u></b></p> <p>Our strategy to achieve this ambitious vision is reflected in three objectives:</p> <p><b>1. Net-zero lending and investment portfolio by 2050</b> We have committed us as one of the first financial institutions worldwide to reduce our CO2 balance sheet to net zero by 2050 at the latest. This applies to the bank's entire lending and investment portfolio. By voluntarily committing to net zero, the Bank underlines its decisiveness to actively contribute to the sustainable transformation of society and the economy. In April 2021, we therefore also joined the Net-Zero Banking Alliance of UNEP FI.</p> <p><b>2. Net-zero banking operations by 2040 and 100% climate-neutral supplier portfolio</b> We plan to reduce the CO2 emissions of our own banking operations to net zero as early as 2040. By 2025 greenhouse gas emissions at Commerzbank Aktiengesellschaft are to be reduced by 30% compared with 2018. In addition, we expect our suppliers to be climate-neutral by 2040.</p> <p><b>3. More than €300 billion for sustainable transformation by 2025</b> The transformation to a sustainable economy requires huge investments. To support our customers in their transformation, we are steadily expanding our range to sustainable products.</p> <p>&gt;&gt;</p>	<p><a href="#">GRI Report 2022: 102-11, 102-15, 405/103, 405-1, Sustainable Finance SF 103</a></p> <p><a href="#">Non-financial report 2021: p. 41f, 60</a></p> <p>Commerzbank Website: <a href="#">Commerzbank AG - Strategy</a></p>





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	<p>&gt;&gt;</p> <p>To this end, we are committing to mobilise more than €300bn for the sustainable transformation by 2025. The products included in this volume target have in common that they are fundamentally sustainable, i.e. that they have a sustainable purpose or are linked to sustainable criteria.</p> <p><b><u>Sustainable management framework:</u></b></p> <p>We have begun to analyse our loan portfolio with regard to sustainability in order to manage it accordingly in future. Our focus is on the CO2 emissions associated with our business activities. The CO2 intensity of the Bank's loan portfolio is to be steered towards the requirements of the Paris Agreement via sector-specific target values. As a member of the SBTi, we are able to make this procedure most comprehensible by looking at our portfolio management based on scientific findings. These calculated targets will enable us to align our climate policy with the goals of the Paris Agreement and effectively counteract climate change.</p> <p><b><u>Women in management position:</u></b></p> <p>Diversity represents a success factor for the bank's performance. For almost three decades, our Diversity Management unit has been working for an open and fair Group-wide environment where everyone feels appreciated and treated equally. A central target regarding diversity and equal opportunities is our aim to increase the proportion of women in leadership positions. To this end, the bank has set itself a goal of achieving a proportion of 40% across all management levels by the end of 2030.</p>	



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**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.**

We have already set a wide range of strong measures to strengthen our positive impact regarding sustainable development. In the future, we will define further targets and will report on these targets in our future reporting.

<p><b>2.3 Plans for Target Implementation and Monitoring</b></p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p><b><u>Net Zero Ambition:</u></b></p> <p><b>1. Net-zero lending and investment portfolio by 2050</b>            In order to make our reduction progress most comprehensible and to place it on a scientifically sound basis, Commerzbank Aktiengesellschaft has joined the SBTi. It advocates for the reduction of greenhouse gases on the basis of scientifically calculated targets. We will use the SBTi method to calculate and reduce the CO2 emissions associated with our loan portfolio ("financed emissions") from 2025 at the latest. A special focus will be placed on the emission-intensive sectors such as power generation, fossil fuels and automotive manufacturing. We are also planning to include the portfolio of private retail mortgage financing in this management process.</p> <p><b>2. Net-zero banking operations by 2040 and 100% climate-neutral supplier portfolio</b>            The systematic reduction of our environmental footprint is an important part our understanding of sustainability. For example, the bank maintains a comprehensive environmental and energy management system (iUEMS) in accordance with ISO standards. By structuring the implementation process of the corporate environmental and energy policy, it ensures continual improvement in our own environmental and energy performance and a reduction of our CO2 footprint. Operational emissions can also be saved through efficient and sustainable building management.</p> <p>&gt;&gt;</p>	<p><u>GRI Report 2022:</u>            102-15, 302/103, 405-1, Sustainable Finance SF 103</p> <p><u>Non-financial report 2021:</u>            p. 42, 46, 56, 60</p> <p>Commerzbank Website:  <a href="#">Commerzbank AG - Strategy</a></p>
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	<p>&gt;&gt;</p> <p>In addition to the replacement of conventional light sources with LEDS, extensive energy savings have been achieved through the software used in the Lateral Towers in Frankfurt. Thanks to the predictive nature of the programme, which takes into account current weather conditions, energy savings of 30% were recorded in 2020 compared to the previous year, based on the results first published in 2021. Special attention is also paid to making travel activities as environmentally friendly as possible and thus preventing CO2 emissions. The business travel policy therefore envisages rail as the preferred means of transport.</p> <p><b>3. More than €300 billion for sustainable transformation by 2025</b> By 2025 we will mobilise €300bn for sustainable financial products, of which €100bn will be in the Private and Small-Business Customers segment and €200bn in the Corporate Clients segment. A detailed framework sets down which transactions are included in the totals. The criteria will be regularly checked and, if necessary, optimised, taking into account regulatory developments such as those resulting from the EU Taxonomy Regulation and the associated market standards. We will also expand the range of sustainable products offered in our business divisions.</p> <p><b><u>Sustainable management framework:</u></b></p> <p>We as Commerzbank Aktiengesellschaft aim to manage all portfolios particularly as specified under the SBTi method in a future outlook. In this context, a particular focus will be placed on emission-intensive sectors.</p> <p>&gt;&gt;</p>	



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	<p>&gt;&gt;            These include, among others, power generation, fossil fuels, automotive manufacturing, as well as the production of cement, iron and steel. To this end, we are planning to incorporate the portfolio of private retail mortgage financing – even though it is not obligatory under the SBTi – in this management process.</p> <p><b><u>Women in leadership position:</u></b></p> <p>In order to promote the share of women in leadership positions, the measures designed to promote a good work-life balance in recent years have continuously been improved to open up fresh career opportunities for women in particular. These include company childcare, innovative part-time models – also for managers – and structured back-to-work options to prevent career precipices. To this end, for example, the “return guarantee” model was extended to all Commerzbank employees in 2021. All divisions are furthermore explicitly tasked with actively approaching suitable female employees during the recruitment process.</p>	

**Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.**

Building on our targets stated in 2.3, numerous measures have already been established as well as milestones with fixed benchmarks and timescales. This enables us to achieve a coordinated, goal-oriented and comprehensible transformation of our business operations towards achieving greater sustainable development.



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<p><b>2.4 Progress on Implementing Targets</b></p> <p><u>For each target separately:</u> Show that your bank has implemented the actions it had previously defined to meet the set target. <b>Or</b> explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p><b><u>Net Zero Ambition:</u></b></p> <p><b>1. Net-zero lending and investment portfolio by 2050</b> In the current reporting year, we continued the necessary steps to collect data and calculate CO2 emissions (emission intensities). For the first portfolios (power generation and automotive), we have formulated corresponding targets for reducing emission intensities and announced them at the beginning of 2022. For 2022, we are committed to completing these targets.</p> <p><b>2. Net-zero banking operations by 2040 and 100% climate-neutral supplier portfolio</b> We continuously reduce our ecological footprint. In 2018 we were already able to reach our climate target of saving 70% of CO2 emissions from banking operations in Germany compared to 2007 ahead of schedule. As part of the net zero commitment by 2040, another interim target for reducing CO2 by 30% by 2025 compared to 2018 was therefore set.</p> <p><b>3. More than €300 billion for sustainable transformation by 2025</b> As part of its sustainable transformation, the bank has taken numerous measures to initiate a continuous development of products and services with a positive impact on the environment and society. By the end of 2021, Commerzbank has already mobilized €194.2bn for sustainable products. Examples include the expansion of the renewable energy portfolio, green mortgage, and sustainable bonds and loans. To this end, for example the total volume of all green and social bonds issued with the support of the bank totaled €62.3bn in 2021. In the same year, the volume of green and ESG-linked loans stood at a comparative €84.5bn.</p> <p>&gt;&gt;</p>	<p><u>GRI Report 2022:</u> 102-15, 405-1, Sustainable Finance SF 103, SF2</p> <p><u>Non-financial report 2021:</u> p. 42, 46, 50f, 56f, 60</p> <p>Commerzbank Website: <u>Commerzbank AG - Strategy</u></p>



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	<p>&gt;&gt;</p> <p><b><u>Sustainable management framework:</u></b></p> <p>We set interim targets for two particularly CO2-intensive sectors at the start of 2022. These involve reducing the emission intensity of our power generation portfolio by more than 75% and that of the automotive manufacturing portfolio by more than 45%. For 2022, we are committed to completing these goals for all relevant sectors.</p> <p><b><u>Women in leadership position:</u></b></p> <p>Although a small majority of the Commerzbank staff is female (53%), women are not yet represented at management level to the same extent as men. Thanks to the company-wide measures illustrated in point 2.3 above, Commerzbank was enabled to already increase the proportion of women in leadership positions to more than 30% group-wide over the past few years. At the end of 2021, the proportion of women in management positions totalled 33.7% Group-wide (2020: 33.3%, 2019: 32.5%). Our Board of Managing Directors has now set itself a new goal of achieving a proportion of 40% across all management levels by the end of 2030.</p>	
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**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.**

As demonstrated above, Commerzbank Aktiengesellschaft has already been able to make a considerable progress towards its sustainability targets. We are currently continuing to proactively pursue and implement these goals and will provide detailed information on our progress in future reports.



## Principle 3: Clients and Customers

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





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<p><b>3.1</b> Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Being one of the four key cornerstones of our “Strategy 2024”, <b>customer orientation</b> is anchored as a major element in the strategy of Commerzbank Aktiengesellschaft.</p> <p>In this context, we seek a fair, proactive and transparent dialogue with our customers in order to systematically consider their interests and to ensure that their ideas and suggestions are taken into account e.g. when developing products and services.</p> <p>For both our <b>private clients</b> and our <b>corporate clients</b> we develop, market and sell products and financial services capable of promoting sustainable development. By expanding the range of innovative and environmentally friendly products, we continuously support our customers on their path to a sustainable transformation.</p>	<p><u><a href="#">GRI Report 2022: 102-15, 102-44</a></u></p> <p><u><a href="#">Non-financial report 2021: p. 42, 50f</a></u></p>





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<p><b>3.2</b> Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>One of our core tasks is to contribute to sustainable development by providing financial resources. This financial industry contribution 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. To foster sustainable practices and enable sustainable business, we seek to develop products and services that take these changes into account while providing environmental or social benefits.</p> <p>In this regard, a prime example for our <b>corporate clients</b> includes the financing of green technologies. Corporate and project finance along the entire value chain of renewable energies has been part of our portfolio since the 1980s, with the Competence Center Energy (CoC Energy) providing global financing to wind, solar parks and related technology. Today we are one of the largest financiers of renewable energy in Europe and we have further expanded our international portfolio share in the past year. In addition to financing for wind and solar parks in Germany, the new deals in 2021 also include projects in Finland, France, the Netherlands and the USA, where, among other things, we financed one of the first offshore wind parks in the country. Key figure: CoC Energy's loan exposure (exposure at default) came to around €5.3bn in 2021 (2020: €5.1bn, 2019: €5.1bn).</p> <p>An example from the area of our <b>private clients</b> is the “Green Mortgage” under which we promote energy-efficient construction and acquisition at attractive financing conditions. As part of this green mortgage loans scheme, we offer preferential financing conditions for the construction, modernization or acquisition of buildings – for personal or third-party use – whose final energy demand is less than 75 kWh per square meter of usable floor space.</p> <p>&gt;&gt;</p>	<p><u><a href="#">GRI Report 2022: 102-44, Sustainable Finance SF1, SF2, SF3</a></u></p> <p><u><a href="#">Non-financial report 2021: p. 50ff</a></u></p>



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	<p>&gt;&gt;</p> <p>In the investment business, too, we want to contribute to sustainable development and take advantage of the associated business opportunities, e.g. by offering sustainable funds, and using sustainable capital market instruments.</p> <p>As early as 2007, what was then a subsidiary of Commerzbank Aktiengesellschaft played a leading role in the world's first green bond. In the current reporting year, we acted as lead manager for the issue of 57 sustainable bonds with a total volume of more than €62.3bn (2020: €46.3bn, 2019: €12bn). In Addition, the bank was involved in the arrangement, structuring and placement of 50 green or ESG-linked loans with a total volume of €84.5bn in 2021.</p> <p>In this context, another prime example represents the impact fund "klimaVest" launched by Commerz Real in October 2020. It shows its investors what amount of CO2 emissions can be prevented by the renewable energy assets in the portfolio. Awarded the Sustainable Award in Finance in the Environment category in November 2021, the fund is expected to grow almost eightfold from a volume of €586.9m at the end of 2021 to a total volume of €4.5bn by 2025, with a target of around €2.2bn in equity.</p> <p>Wealthy private customers and corporate clients can further arrange individualized sustainable asset management, with Commerzbank Aktiengesellschaft, in which the selection of securities takes sustainability ratings into account in addition to exclusion criteria. By signing the United Nations Principles for Responsible Investment (UN-PRI), the bank's asset management team is committed to responsible investment decisions. Since the base year 2017, we have quadrupled the total volume of sustainable investments to around €600m.</p> <p>&gt;&gt;</p>	



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	<p>&gt;&gt;</p> <p>Living a responsible relationship with our clients also includes, that we maintain an active and strategic dialogue. For example, regular customer surveys provide the Corporate Clients segment with information on how satisfied customers are with the service they receive as well as on the expectations and wishes for the business relationship. Based on the surveys, most of our corporate customers remain satisfied with the Bank's service offerings to the same extent as before and are happy to recommend us.</p> <p>SME topics, on the other hand, are at the heart of Commerzbank's "Unternehmerperspektiven" initiative (Business Owners' Views). Once a year it surveys owners and managers at the first management level from companies of different sizes and from different industries. While the survey undertaken in the reporting year 2020 focused on sustainability, the focus in 2021 was placed on the future of bricks-and-mortar retail, where retailers throughout Germany with annual sales of less than €15m were surveyed in around 3,200 interviews. The results showed that, among other things, three out of five retailers were struggling with lost sales in connection with the coronavirus pandemic and one in six saw their livelihoods under threat. However, retailers were also able to gain some positive things from the coronavirus crisis with around half of those surveyed stating, for example, that they had more time for their families.</p> <p>In the context of strategic dialogue, we also uncover customer needs that we are partly not able to cover with our original banking services. However, to provide customers with full assistance, we offer them the opportunity to benefit from the expertise of selected cooperation partners. To this end, the „Green Ecosystem“ includes selected peer companies that provide help with a wide range of sustainability matters, such as, e.g. technology- and engineering-based sustainability strategies.</p>	



## Principle 4: Stakeholders

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

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<p><b>4.1</b> Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Our corporate social responsibility involves seeking regular dialogue with internal and external stakeholders. In this active and transparent dialogue, we endeavor to meet the expectations and needs of our stakeholders, to incorporate them into our corporate strategy and to present our own points of view. We maintain a dialogue with the following stakeholder groups in particular:</p> <ul style="list-style-type: none"><li>• Academic and research institutions</li><li>• Civil society</li><li>• Competitors/financial sector</li><li>• Customers</li><li>• Employees</li><li>• Media</li><li>• Non-governmental organizations</li><li>• Politicians</li><li>• Shareholders/investors</li><li>• Suppliers</li></ul> <p>Our main focus is on dialogue with stakeholders that have a strong influence on or are strongly affected by the economic, environmental or social performance of Commerzbank. Commerzbank commits itself to dialogue on the key social, economic and fiscal issues.</p> <p>The list of our stakeholders is updated once a year as part of our reporting process.</p>	<p><a href="#">GRI Report 2022: 102-40, 102-42, 102-43</a></p> <p><a href="#">Non-financial report 2021: p. 45</a></p>



## Principle 5: Governance & Culture

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





Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The Supervisory Board advises and monitors the Board of Managing Directors, including with regard to sustainability issues. This includes, for example, auditing the non-financial report. In addition, the ESG Committee (formerly the Social Welfare Committee) of the Supervisory Board deals with sustainability issues in greater depth from 2022.</p> <p>The Board of Managing Directors develops the Commerzbank Group's strategic direction, discusses it with the Supervisory Board and ensures its implementation. Sustainability issues are included in the annual strategy process for the overall bank strategy and are discussed as required in Board of Managing Directors meetings. Each member of the Board of Managing Directors is responsible for implementing sustainability measures within their own divisional remit.</p> <p>In order to anchor the wide-ranging issue of sustainability within the organisation of the Bank, we established the <b>Group Sustainability Board</b> as a cross-divisional decision-making and escalation committee for sustainability at the start of 2021. This board is responsible for defining the Bank's strategic sustainability goals and monitors the measures for their implementation and management. In addition, the divisions and segments report regularly on the progress made with regard to their sustainability work and the implementation of regulatory sustainability requirements. It is chaired by the CEO. In addition to him, it includes other members of the Board of Managing Directors and Divisional Board members who cover matters of sustainability across Commerzbank Aktiengesellschaft. Meetings are held every two months so that the highest decision-makers are regularly informed about the relevant sustainability issues.</p> <p>&gt;&gt;</p>	<p><a href="#">GRI Report 2022: 102-18, 102-19, 102-20</a></p> <p><a href="#">Non-financial report 2021: p. 43f</a></p> <p>Commerzbank website: <a href="#">Commerzbank AG – Strategy</a> <a href="#">Commerzbank AG – Nachhaltigkeitsbericht</a> <a href="#">Commerzbank AG – Positions and Policies</a></p>



Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
	<p>&gt;&gt;</p> <p>With the <b>Group Sustainability Management</b> as the overarching sustainability division, Commerzbank underscores the strategic priority of the issue and takes into account the requirements of relevant stakeholder groups such as customers and investors. The division defines its areas of responsibility in the development of the sustainability strategy and comprehensive governance. To this end, Group Sustainability Management is assigned with managing the <b>“Sustainability 360°” Group-wide programme</b> and thereby coordinates the sustainability work of Commerzbank in a cross-sectional manner.</p> <p>In order to ensure a continuous expansion and optimization of our sustainability strategy, we were further among the first major German banks to set up an external sustainability advisory board. The board members include experts from the fields of politics, science, society and the German Mittelstand. The advisory board thus provides a sound basis for constructive and critical dialogue and guarantees a balanced decision-making process.</p> <p>As part of its corporate responsibility, the bank has further adopted strong positions and policies concerning environmental and social issues. All positions can be found <a href="#">here</a>.</p>	





Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>5.2</b> Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>We are committed to being a reliable partner and act in line with ethical values, such as integrity and fairness. We undertake to comply with legislation, directives and market standards as well as voluntary commitments, such as the UN Global Compact, and various internal policies. For example, the binding principles of the global Code of Conduct provide employees with clear guidance on how to conduct themselves properly and ethically during their daily work. These principles make it clear what Commerzbank expects from all of the group's employees; that they not only comply with laws, regulations and internal guidelines, but also act within our value system.</p> <p>Important guidelines for responsible conduct are also laid out in the (inter alia):</p> <ul style="list-style-type: none"> <li>• Corporate culture, with the five ComWerte (corporate values) of client orientation, performance, integrity, team spirit and courage</li> <li>• Corporate Responsibility Guidelines, which refer to six areas of compliance and transparency, integration in core business, raising employee awareness, stakeholder dialogue, commitment to the United Nations Global Compact and continuous improvement</li> <li>• Commerzbank policy framework for handling environmental and social risks in its core business</li> </ul> <p>A culture of responsible banking is also incorporated in our remuneration structures. For example, the remuneration system for the Board of Managing Directors supports the sustainable development of Commerzbank's group strategies and its strategic goals. The targets set annually for variable remuneration promote the long-term development of Commerzbank and always include non-financial ESG goals, e.g. specific targets relating to sustainability strategy, targets for customer and employee satisfaction, targets for increasing the proportion of women in management positions, specific targets for risk and reputation management and compliance targets.</p> <p>&gt;&gt;</p>	<p><a href="#">GRI Report 2022: 102-16, 102-35, 401/103, 404-2, 404-3</a></p> <p><a href="#">Non-financial report 2021: p. 57f</a></p> <p>Commerzbank Website: <a href="#">Sustainability Standards</a></p>



<b>Reporting and Self-Assessment Requirements</b>	<b>High-level summary of bank's response (limited assurance required for responses to highlighted items)</b>	<b>Reference(s)/ Link(s) to bank's full response/ relevant information</b>
	<p>&gt;&gt;</p> <p>We are furthermore offering holistic employee development opportunities. For example, Commerzbank Aktiengesellschaft offers a host of optional and mandatory training modules, such as seminars, workshops and e-learning courses. These are designed to prepare employees for the transformation of the banking sector resulting from digitalisation and develop their skills on an ongoing basis. Moreover, non-specialist web seminars were developed and offered with topics such as virtual communication, motivation and leadership as a consequence of the coronavirus pandemic. To this end, we are also addressing the increasingly digital working world 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. Our performance instruments such as the performance appraisal and individual development plans have also been realigned to meet the needs of the digital strategy.</p> <p>Alongside professional development, work-life balance is an important goal to remain attractive as an employer. Within the bank this balance is ensured by concepts for different stages of life with specific offerings, such as flexible working time models, sabbaticals, the "Keep in Touch" programme and "return guarantee" model, which facilitate the return to work after parental leave. We also offer advisory and support services relating to childcare, home care and care for the elderly through pme Familienservice.</p>	



Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
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<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>The Group Sustainability Management operates as the overarching sustainability division at Commerzbank. Its areas of responsibility include a comprehensive governance and the development of the sustainability strategy. In turn, The Group Sustainability Board anchors the wide-ranging issue of sustainability within the organisation of the bank. It defines the bank's strategic sustainability goals and monitors the measures for their implementation and management.</p> <p>We will constantly track our progress towards achieving our targets and will report on it as part of our non-financial reporting.</p>	<p><a href="#">GRI Report 2022: 102-19, 102-20</a></p> <p><a href="#">Non-financial report 2021: p. 43f</a></p>
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**Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.**

With the Group Sustainability Board and Group Sustainability Management, we have implemented a strong governance to ensure an efficient and well-coordinated implementation of our sustainability goals. At the core of our sustainable corporate governance, we continue in this context to deliver on our promise of being "the bank at your side".



## Principle 6: Transparency & Accountability

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





Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>6.1 Progress on Implementing the Principles for Responsible Banking</b></p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Since signing the Principles for Responsible Banking, we have been driving many activities forward to strengthen our commitment to responsible banking. Our overall ambition is to set a good example as a responsible company while supporting our customers in their sustainable transformation.</p> <p>To strengthen this guiding principle, we have introduced comprehensive governance on the topic of sustainability with the establishment of the Group Sustainability Board alongside the Group Sustainability Management as the overarching sustainability division. These reformed governance structures enable us to ensure a well-coordinated and target-oriented implementation of our sustainability strategy.</p> <p>We take our responsibilities as a financial service provider very seriously, as also indicated by our active membership in several respected associations and working groups with the aim of fostering responsible business practices. Following two key commitments to the SBTi and TCFD in 2020, we aligned our reporting in line with the TCFD recommendations for the first time in the current reporting year, increasing transparency regarding the climate change risks and opportunities associated with our credit portfolio. The methods applied in the case of the SBTi will provide a key tool for achieving our net zero strategy by enabling us to calculate and target the reduction of CO2 emissions of our credit portfolio. The latest example of how Commerzbank Aktiengesellschaft is responding to international good practices is reflected in the inclusion of the information that is required by the EU Taxonomy Regulation for the first time starting from 2021. Henceforward, the taxonomy will represent an important guideline for the development of new green products and services, thereby marking another important milestone on the way to a low-carbon future.</p> <p>&gt;&gt;</p>	<p><a href="#">GRI Report 2022: 102-11, 102-12, 102-15, 102-19, 102-20, Sustainable Finance SF 103</a></p> <p><a href="#">Non-financial report 2021: p. 40f</a></p> <p>Commerzbank Website: <a href="#">Memberships &amp; Initiatives</a></p>



Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
	<p>&gt;&gt;</p> <p>A central part of our disclosure since 2021 has also been our annual PRB reporting. In this context, we will continuously report on the progress of the implementation of the six principles. As in the previous reporting year, we have drawn on our existing reporting formats such as the internationally recognized standard of the Global Reporting Initiative (GRI), our non-financial report as well as information on public domains.</p>	

**Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.**

We have driven forward many measures, processes and governance structures that reinforce our commitment to sustainable banking. Our net zero commitment alongside our participation in the SBTi and TCFD were further important milestones in our sustainable transformation. As part of our regular reporting, we will continue to disclose future progress and developments.

## Annex: Definitions

**Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

**Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.

