



COMMERZBANK



2022 Modern Slavery and Human Trafficking Statement

Commerzbank AG



CONTENTS

page 3	page 4	page 5	page 6
Our Commitment	Our Corporate Values	Our Code of Conduct	Our Business and Clients
page 12	page 10	page 9	page 8
Policies and Procedures	Our Suppliers	Our Workforce	Products and Services
page 13	page 14	page 15	page 16
Governance	Reporting MS&HT	Monitoring and Investigation	Training and Awareness Raising
page 20	page 19	page 18	page 17
ESG & Modern Slavery	Sustainability & Modern Slavery	Initiatives, memberships and Certifications	External Engagement and Collaborations
page 21	page 22	page 23	page 24
German Supply Chain Due Diligence Act	Looking ahead and next steps for 2023	Approval	Appendix A



Introduction

Welcome to our seventh Modern Slavery and Human Trafficking statement.

This statement is made by Commerzbank AG (the “Bank”) pursuant to Section 54 of the United Kingdom’s Modern Slavery Act 2015 and applies to Commerzbank Aktiengesellschaft, Commerzbank UK Limited and Commerzbank Finance Limited for the financial year ending 31 December 2022.

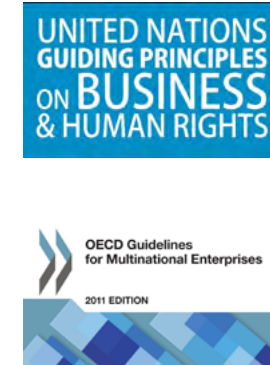
This statement details the actions the Bank has taken during the 2022 financial year and continues to take to mitigate the risks of slavery and human trafficking being facilitated through the Bank’s business, operations and supply chains.

Whilst covered in part in this statement, detailed information on our broader approach to managing environmental and social risks can be found in our [Annual Report 2022](#)

Our Commitment

Corporate responsibility is a guiding principle of Commerzbank: environmental, social and ethical aspects have a crucial role in the way we manage our company.

We believe companies can only be successful in business if their day-to-day activities are accepted by society and they meet their responsibility towards the environment and society. That is why we have firmly anchored sustainability as one of the four cornerstones of our strategy at Commerzbank. With our new net zero commitment among other things, we seek to live up to this responsibility and to actively contribute to the sustainable transformation of society and the economy. We have long had binding rules in place for handling environmental and social risks. That is why we have a clear stance on controversial topics such as arms, fossil energies and mining. Transparency and fairness towards our customers are one of the key pillars of sustainable business development.



Commerzbank's position on human rights is consistent with and follows internationally accepted human rights and corporate responsibility standards, including:

- the Universal Declaration of Human Rights
- the International Covenant on Civil and Political Rights
- the International Covenant on Economic, Social and Cultural Rights
- the International Labour Standards of the International Labour Organisation
- the OECD's framework 'Due Diligence for Responsible Corporate Lending and Securities Underwriting'
- the OECD's guidelines for Multinational Enterprises
- United Nations Guiding Principles for Business and Human Rights

By participating in the UN Global Compact, Commerzbank has committed itself to:

- ✓ supporting and respecting the protection of the internationally proclaimed human rights,
- ✓ ensuring not to be complicit in human rights abuses,
- ✓ safeguarding the freedom of association and the effective recognition of the right to collective bargaining,
- ✓ standing up for the elimination of all forms of forced labour,
- ✓ standing up for the abolition of child labour, and
- ✓ promoting the elimination of discrimination in regard to employment and occupation.

Our Corporate Values

Commerzbank was founded by Hamburg merchants in 1870. To this day we consider ourselves bound by the values of the "honourable businessman". After all, a shared value concept creates a sense of identity and lays the foundations for lasting success. While pursuing highly ambitious business objectives, we do not lose sight of our responsibilities to people, society and the environment at all times.

Our corporate values shape our interaction both for cooperation and in our behaviour towards our customers, business partners and society. The values show that we are aware of our corporate responsibility and are guided by traditional values.



Integrity is the foundation of our business model

We are mindful, and act in a trustworthy and reliable manner.



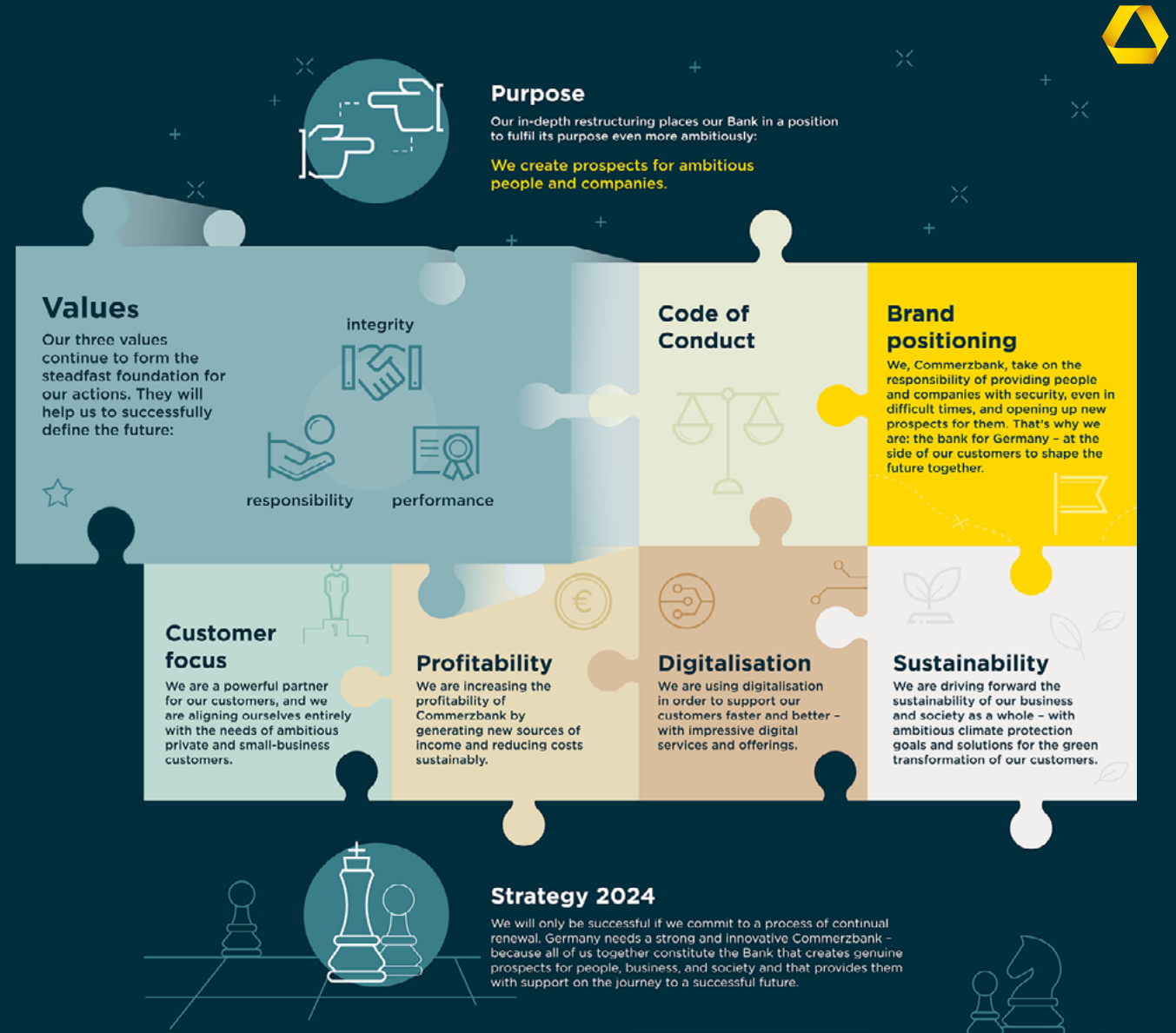
Performance is our engine

We are courageous, ambitious and enthusiastic.



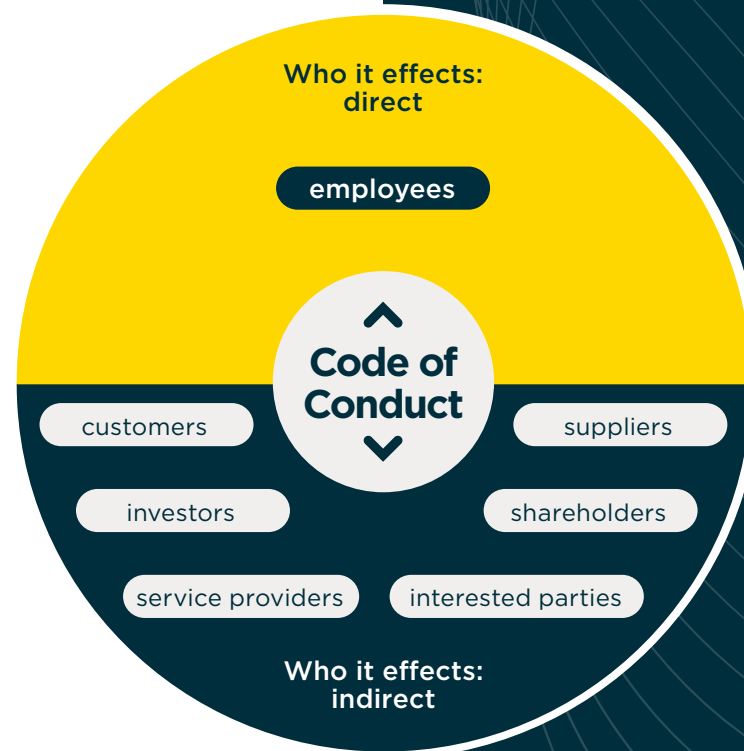
Responsibility is our mission

We act sustainably, consciously and entrepreneurially and stand up for each other.



Our Code of Conduct

The Bank's Code of Conduct, which is globally binding for all its employees, sets out the Bank's values and its expectations of staff and includes a clear commitment to human rights.



01

We behave as we expect others to behave.

02

We are attentive to the interests of our customers, act carefully and in accordance with the rules.

03

We are committed to society and take on responsibility.

04

We critically assess ourselves and manage risks and conflicts constructively.

05

We do not accept bribes and act honestly and in compliance with tax law.

06

We do not give unauthorised persons access to data.

07

We respect digital values and are transparent with our customers on the use of their data.

08

We use service providers professionally and require their integrity.

09

We are mindful of our behaviour in public and seek out support when necessary.

10

For us, leadership means setting an example, trusting others and taking responsibility.



Our Business and Clients

Commerzbank is the leading bank for the German Mittelstand (SMEs) and a strong partner for around **26,000** corporate client groups and almost **11 million** private and small-business customers in Germany.

Commerzbank is a leading international commercial bank with branches and offices in almost 40 countries. In the two business segments Private and Small Business Customers, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the clients' needs. Commerzbank transacts approximately 30 per cent of Germany's foreign trade.

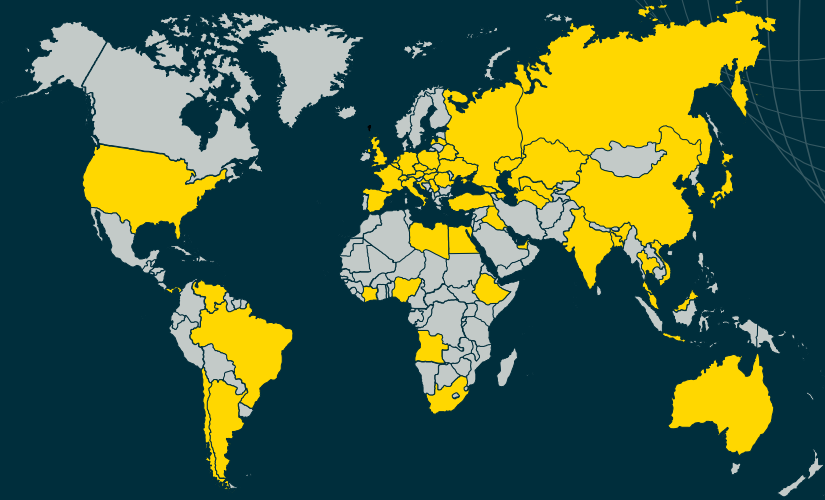


The Polish subsidiary mBank is an innovative digital bank. It serves around 5.6 million private and corporate customers, mainly in Poland but also in the Czech Republic and Slovakia.

As a financial institution and provider of capital, we have an important role in tackling MS&HT. Commerzbank does not want to become linked through our business relationships to any form of modern slavery. Commerzbank expressly stands up for its corporate responsibility and for the sustainable orientation of its business activities. For this reason, Commerzbank implements a variety of measures in various areas and carefully considers the economic, ecological and social consequences of how we do business with our clients. Our client due diligence and screening controls therefore encapsulate MS&HT considerations and risk assessments.



Outside Germany, the Bank is represented through:



16

OPERATIONAL
FOREIGN
BRANCHES

26

REPRESENTATIVE
OFFICES

5

MATERIAL
SUBSIDIARIES

on all continents; in the Corporate Clients' business, the Bank is present internationally in almost 40 countries



MS&HT Client Controls



Publication of a MS&HT statement is a standard agenda item discussed on **'Compliance2Compliance' due diligence** calls held with high risk clients. Commerzbank is proactive in engaging in MS&HT discussions with our clients.



Local adverse media screening "top ups" covering MS&HT are applied to pre-onboarding and rolling reviews for all London Branch clients. Positive string searches will pick up terms like "slave" and are escalated to Financial Crime Compliance for review.



Using a risk based approach, where material issues, relating to any topic, are identified pre or post onboarding, a client/transaction may be escalated to the **Regional Customer Governance Committee London ('RCGC')** to assess the Bank's appetite for that relationship. MS&HT risks (e.g. slavery related adverse news against a counterparty) are raised and discussed by senior management (including the UK MLRO) during compliance governance meetings.



Our pre and post client onboarding **'Know Your Client'** due diligence includes open source research including Factiva and Dow Jones screening. This involves looking for references to potential slavery issues such as poor labour practices.



Risk based enhanced due diligence reviews of high risk customer files cover MS&HT red flags.

Products and Services

We combine advantages of a digitalised bank with personal advisory services, consistent customer focus, and sustainability. Our “Strategy 2024” represents customer centricity, digitalisation, sustainability, and profitability.

What do we do?

Private and Small-Business Customers segment

We will evolve the segment into an attractive combination of a highly efficient direct bank and first-class advisory offering. We have around 400 locations across Germany where customers are offered advice on issues like account, card, and consumer credit, as well as being supported in the use of digital offerings. Private and small-business customers with a greater requirement for advisory services will receive comprehensive personal support and individual solutions on all issues related to investing and financing.

Corporate Clients segment

In the Corporate Clients Segment, we are continuing our success story in the German Mittelstand. With a lean and digitalised product range, we focus on customers with German connectivity. We provide advisory services for international corporate clients if they are operating in selected future-oriented sectors such as mobility, sustainability, communications, life sciences, and capital goods. Our international branch network maintains an important role accompanying the German economy into the world and bringing the world to Germany.

Our Products and Services:



TRANSACTION BANKING

Corporate Account
Cash Management
Trade Finance
Electronic Banking



CORPORATE FINANCING

Working Capital Financing
Sureties & Guarantees
Capital Expenditure & Structured Finance
Capital Markets Financing



INVESTMENT SOLUTIONS

Investment Management
Pensions Management
Equities & Liquidity Management
Risk Management



CORPORATE FINANCE ADVISORY

Advisory Services
M&A Advisory

How do we assess MS&HT Product Risk?



The **New Product Process ('NPP')** is a Commerzbank Group wide approach which covers the setup and approval for new products and changes to existing products. The objective of the NPP is to identify, analyse and assess the embedded risks of any new activities including the impact on the overall risk profile and on the risk appetite of the Bank. Various departments are required to review and vote on each NPP request via the Bank's NPP tool, this includes Financial Crime Compliance.

For example, where a London nexus exists, the London Compliance Policy and Advisory team are required to assess the financial crime risks (including MS&HT risks) posed by each new product or change in product.

Each Support Unit's (i.e Compliance, Tax, Reputational Risk, Finance etc.) risk rating and overall assessment of NPPs may result in process amendments, changes in the IT environment, reporting requirements and any other risk-based controls/set conditions we see fit to manage any identified risks. Senior management approval and oversight is also part of the end-to-end NPP process.

Our Workforce

Commerzbank AG employs around 40,000 staff globally. Commerzbank respects the human rights and personal freedoms of its workforce and expects the same from our employees and contractors.

Fair Pay

In terms of fair remuneration in London, we work closely with McLagan to ensure our salary benchmarking is fair and in line with market practices.

Impact of “Strategy 2024” on our Workforce

We treat our employees as partners – especially in times of great upheaval and economic challenges. The far-reaching restructuring associated with our new strategy led to a number of job losses throughout 2021. To this end, we implemented appropriate steps in each region impacted by the structural changes to adhere with local regulations, for example in the UK, we created a Collective Consultation process, with employee representatives from all areas with the aim of achieving fair and socially acceptable job reductions.

Employee Vetting

As part of the newhire onboarding process, reference and background checks are completed for all new joiners. The checks vary for different employees, depending on them being a conduct or certified staff. ‘Human Trafficking’ is one of the key words for Adverse Media Searches and there are also sources included that check that within the Global Sanctions Enforcement Check. The checks are carried out to ensure we hire the right employees and also to safeguard the organisation from potential MS&HT risks. In the London Branch, this proactive check is carried out by a third party vendor. Human Resources in London also complete a monthly Compliance Control Governance Check attesting that Know Your Employee checks (which cover MS&HT screening) have been successfully completed for all new hires.

Diversity and Inclusion

By signing the Diversity Charter, we have committed ourselves to creating a prejudice-free working environment in which an atmosphere of openness and respect can develop and provide space for innovation and creativity and courage. All employees are recognised, appreciated and included – regardless of gender, nationality, ethnic origin, religion or belief, disability, age, sexual orientation or gender identity. We select our employees based on their talent and skills. We view different educational background and experiences as an enrichment to the Group, because we focus on people and value their different perspective and talents. From a practical implementation perspective, in June 2021, our internal Recruitment Policy was expanded to include a clear diversity definition, with the aim to anchor and actively promote the consideration of equal opportunities and diversity in the Bank’s appointment processes.

Pulse Check

The Bank has achieved important milestones of its Strategy 2024. The transformation is on track, the personnel implementation has been completed and the new business model has been put in place in Germany and abroad. In this process, the results from the previous Pulse Checks have provided the Board of Managing Directors and the management with important and valuable impulses to drive the process of change. These include the derived Executive Board Roadshows, the Do-It-Yourself Workshops on the brand campaign and the “Simply Easier” initiative.

Fair Interaction

Fair interaction in the spirit of partnership is a cornerstone of cooperation at Commerzbank. This involves respectful interaction between employees, but also fair treatment of customers. Commerzbank doesn’t tolerate any form of unequal treatment or exclusion. Since 2004, the principles for fair interaction in the spirit of partnership have been consolidated in a Works Agreement. In March 2021, the Bank updated the agreement together with the Central Works Council, the Senior Staff Spokesmen’s Committee and the Representative Body for Severely Disabled Employees.

Health and Safety

Improving working conditions and supporting healthier lifestyles are important components of our corporate culture. Our Occupational Health Management team continually seek to improve and maintain the health and safety of our employees by ensuring good working environments which comply with occupational health and safety regulation.



We are a founding member of the Diversity Charter



We were the first bank in Germany to establish an action plan for the inclusion of people with disabilities



We are a signatory of the UN Women’s Empowerment Principles

Employee surveys at Commerzbank

Commerzbank regularly runs various employee surveys throughout the year. Our surveys cover a wide range of topics, from classic workplace-related surveys and internal customer satisfaction surveys to commitment and engagement measurements, regular change and team climate pulse checks, and surveys on general motivation and mood. In addition, we regularly conduct event evaluations and impact reviews as a result of regular health assessments. Our employees’ views and opinions on our strategy and the changes in the Bank are very important to us.

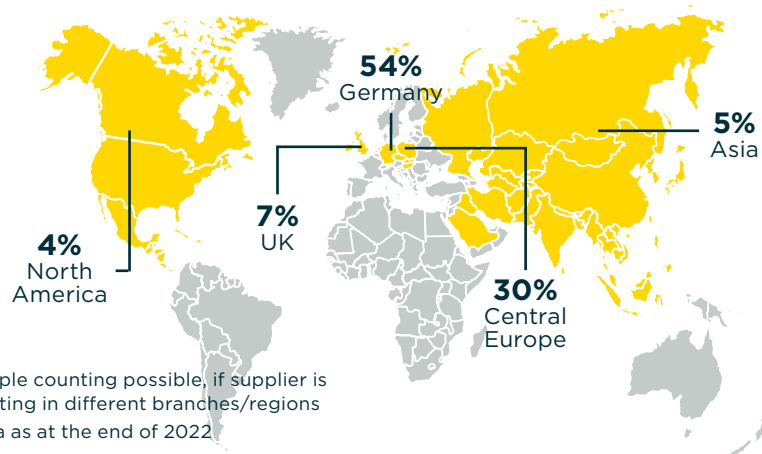
Our Suppliers

Responsible sourcing is integral to the way we do business. All colleagues engaged in sourcing follow the defined procurement process and undertake sourcing in line with the requirements of our Procurement Guidelines.

Commerzbank's main supply base generally fall into one of the following categories: Facilities Management, Technology Infrastructure, Software & Services, Banking Operations, Professional Services, Marketing and Human Resources.

Geographical split of our supplier population

Commerzbank has around 2,350 contracted suppliers globally.



*Multiple counting possible, if supplier is operating in different branches/regions
 **Data as at the end of 2022

„Diversity and inclusion matters in our standard for sustainable procurement.“



All sourcing activity is undertaken in line with the Bank Procurement Guideline which sets out the responsibilities of all stakeholders in the procurement process and which is also embedded in the Bank's Code of Conduct.



Commerzbank has developed clear standards for sustainable procurement and is committed to ensuring that its supply chains are free from MS&HT.



All suppliers are asked to ensure that they and their own suppliers and service providers comply with these procurement standards which include internationally accepted human rights standards. Adherence to such social standards by the Bank's suppliers is an integral part of the Bank's purchasing and procurement guidelines.



The Bank performs pre-onboarding supplier due diligence. This involves:

- requiring all suppliers to complete a questionnaire detailing their anti-MS&HT standards, commitments and controls,
- performing Dow Jones and Google searches for adverse media, including MS&HT related negative news,
- where necessary, reviewing the supplier's MS&HT relevant policies, procedures and annual statements.



In terms of ongoing due diligence, the Bank performs daily screening for adverse media, including MS&HT negative news screening. All relevant hits are escalated to the UK MS&HT Lead for review.



Instances of identified non-compliance by suppliers will be assessed on a case by case basis and can lead to the termination of the business relationship.

Our Suppliers

Our expectations of our suppliers

Commerzbank expects its business partners to observe and comply with the following human rights and personal rights. Compliance with social standards by suppliers and service providers represents an integral component of the standard for sustainable procurement.

“Commerzbank expects its suppliers not only to make efforts to meet environmental and social standards, but also to send this expectation to their downstream suppliers. Commerzbank’s corporate responsibility does not end with its internal processes, but extends throughout the entire supply chain.”



Ban on discrimination

Suppliers and service providers must commit to equal opportunities and the equal treatment of their employees. Nobody should be discriminated against or disadvantaged on grounds of skin color, race, national origin, language, disability, sexual orientation, gender, pregnancy, age, religion, political orientation or other reasons.



Treatment with respect

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



Health and safety

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



Ban on illegal employment

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



Remuneration for work

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



Ban on child labour

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



Free choice of work

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



Working time

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





Freedom of association


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


Policies and Procedures


Commerzbank is committed to combating financial crime and has implemented policies and procedures designed to detect and prevent all forms of financial crime.

A number of our internal Global and Local Group policies and procedures reflect our MS&HT commitments and control. For example:


The  **Bank's Position on Human Rights** is a public document which describes Commerzbank AG's stance on human rights and environmental due diligence, with a particular focus on how we adhere to the German Supply Chain Due Diligence Act (LkSG). 


In the **Standard for Sustainable Procurement Guideline**, we set out the 'Guidelines on Corporate Responsibility', which transforms the "ComWerte" into instructions for operative business and defines our stance on human rights and MS&HT risk in our supply chain. This document sets guidelines on how to make purchasing of goods and services sustainable. 

The **Enhanced Due Diligence ('EDD') & Anti-Money Laundering ('AML') Advisory Procedures** includes a risk analysis matrix which covers the MS&HT topic. 

The **Client Lifecycle Management ('CLM') Global Screening Procedures** defines the AME screening categories including Social/Labour red flags. 

Supply risk and human resource risk is covered by our **Global Risk Manual**, which is an overarching document that describes how various risk types across the Bank are addressed in relation to risk strategy, risk control and risk management. 

In order to standardise our approach to writing the Annual Modern Slavery Statement, in 2021, the UK MS&HT Lead created an **Annual Modern Slavery Statement How-to-Guide**, which details what the annual statement should cover as per the legal and regulatory requirements/guidance; the roles and responsibilities for drafting and approving the statement; and how and where it should be published. 

The **Global Policy for Protection of Human Rights and Environment (LkSG)**, currently in German only, sets out the requirements of the German Supply Chain Due Diligence Act (LkSG) and LkSG relevant obligations and controls. 

Setting Limits



Commerzbank recognises the provision of certain financial products and services may be linked to adverse human rights impacts. MS&HT risks may be particularly heightened in a jurisdiction that experiences political instability, weak governance, corruption, or repression of minority groups or in high-risk MS&HT industries/sectors such as agriculture, the textile industry, mining etc.

Our Reputational Risk Management department 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 perform in-depth research into possible environmental and social risks (including MS&HT risks) that may be associated with the existing or potential business partners or the content of the transaction.

We have developed our clear Financial Crime Risk Appetite Statements based on regulatory guidance, industry trends and statistical risk data which governs our appetite to engage with high-risk clients, countries, or products/services. We apply a five-point scale assessment which determines the acceptance or rejection of any high-risk/sensitive product, transaction or business relationship.

Governance

Commerzbank attaches great importance to responsible and transparent corporate governance aimed at sustainable value creation. The Commerzbank Aktiengesellschaft Board of Managing Directors are responsible for independently managing the Bank in the Bank's best interest.



MS&HT Working Group

On an operational level, a cross-functional MS&HT Working Group, driven by the London Branch, involving relevant stakeholders from local and global departments was created in Q1 2021 and continues to convene on a bi-annual basis. The aim of the working group is to define, centralize and manage MS&HT risks, roles, responsibilities and initiatives. The working group includes representatives from Compliance, Legal, SMR Office, London Risk Function, Reputational Risk, Credit Risk, Global Standards AML, Global Risk Models, Procurement, Communications and Human Resources.



Appointment of a UK Head of MS&HT

From a programme oversight and management perspective, in Q2 2021 a dedicated SME and programme lead was assigned as the 'Primary Responsible Party' for the MS&HT topic for the London Branch in accordance with the Bank's MaRisk framework. The UK MS&HT programme lead, who sits within Financial Crime Compliance is responsible for designing and implementing risk-based MS&HT risk prevention and mitigation controls; including creating effective training, raising awareness via communication, developing policies and procedures, assessing the Bank's risk exposure to MS&HT, driving system enhancements, etc.



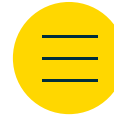
Second Line of Defence

From a second line of defence perspective, the London Risk Function assess MS&HT as part of credit and market risk strategies. Their objective is to prevent the UK branch engaging with clients that might be involved in MS&HT. Reputational Risk Management also acts as a second line of defence function by assessing business relationships, products and transactions within sectors that have a high risk of being linked to environmental and social risks. Legal ('GM-L'), another second line of defence function, scan regulatory bulletins including proposed changes to the MSA to ensure the Bank remains up to date with its MS&HT legal and regulatory obligations.



MS&HT E-mail Address

In order to co-ordinate, document and centralise MS&HT related queries and escalations, we have a dedicated MS&HT e-mail address for the London Branch.



Third Line of Defence

The Bank's Internal Audit function, as the third line of defence reviews MS&HT as part of its risk-based audit plan.



The Global Picture

The Global Picture From a Global perspective, in 2023, a Third Party Risk Management Team was created in Global Financial Crime Compliance to ensure the adequate implementation of the Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz"). The Global Financial Crime Unit ("FCU") update regional compliance teams on relevant financial crime trends and typologies (including MS&HT).



Management Oversight

Obligations/changes in legislation or regulatory requirements are tracked and discussed at the branch-wide London Regulatory Forum on a monthly basis. Additionally, all relevant MS&HT activities, risks, horizon scanning, projects etc. are tracked at the monthly Compliance Committee London ('CCL') to ensure all London Branch's senior management have clear oversight of the topic.



Appointment of a Global Human Rights Officer

Appointment of a Global Human Rights Officer In 2022, a Human Rights Officer was appointed to assume the responsibilities arising from the LkSG. The Chief Compliance Officer performs this important and responsible role, in which capacity they report directly to the Chief Risk Officer. The Board of Managing Directors is also assisted by other units with a view to covering human rights standards as holistically as possible within Commerzbank.

Reporting MS&HT

Commerzbank encourages everyone to report financial crime activities and breaches of any legal, regulatory or internal requirements connected to Commerzbank.

We have introduced a standardised reporting system, to run alongside our existing communication channels (the Compliance division and Internal Audit division). The BKMS® Incident Reporting (Business Keeper Monitoring System) is an internet-based application that enables employees, clients and third parties to report financial crime and breaches of legal, regulatory and internal requirements (whether against or within the Bank). Reports can be submitted anonymously if needed. Commerzbank recognizes the importance of protecting all whistleblowers and does not tolerate retaliation against those who raise concerns. We have implemented fair and consistent consequence management where the conduct or performance of staff fails to meet expected standards.

“The Bank strongly encourages a speak up culture

O

In 2022 we had no reported incidents of human rights breaches, slavery or trafficking incidents reported through our Whistleblowing tool.



The Global Whistleblowing Policy, which defines the various options for submitting Whistleblowing reports, the protection of whistleblowers and describes the general steps and responsibilities connected to whistleblowing.



The Internal Suspicious Activity Reporting Guidance, which also covers process to escalate financial crimes, including MS&HT concerns.



Local Employee Handbooks.



Global Intranet Page.

Monitoring and Investigation

The Bank has a number of established financial crime controls in place to detect suspicious behaviour and financial crime activity which extends to MS&HT.

Clients and counterparties with an MS&HT nexus, detected internally (e.g. via internal SARs, via the Transaction Monitoring team or externally (e.g. via law enforcement agencies or other banks) are subject to investigation by the London Compliance Investigation team. The team continually review all transactional activities of clients for MS&HT related red flags and proactively investigate any intelligence leads referred by JMLIT (i.e. JMLIT Section 7 Requests) which focus on MS&HT activities. They also provide ad-hoc feedback on cases with suspected MS&HT touchpoints directly into the NCA's MS&HT taskforce.

Where material MS&HT issues are identified and Commerzbank's clients or business partners fail to adequately address the issue, Commerzbank reserves the right to discontinue the relationship

How do we monitor and investigate MS&HT?



Global AML/CTF Red Flag Repository

At Commerzbank, GRM-CO GFCP Global Risk Models (GRMO) has the Global Functional Lead with regard to automated transaction monitoring and customer risk rating methodologies. GRMO maintains a global red flag repository containing publicly available red flags derived from local regulations in the HUB locations (SGP, LON, NY) and Frankfurt (BaFin, FIU), supranational organisations (i.e. FATF) and institution specific insights (i.e. FCU, Monitoring and Investigations) across all types of typologies (i.e. Transaction Monitoring, KYC, Sanctions, etc.). The repository is updated on an annual basis as is the coverage gap analysis and a respective coverage gap analysis is performed to assess the relevance of the red flags and how they are captured within the automated transaction monitoring detection model to identify potential gaps and/or new typologies. The control is incorporated into the written framework as an annex to the Global AML/CTF Monitoring Policy and underlying procedures such as the SAM-R Tuning Procedure and the Coverage Gap Analysis Procedure are applicable on a group level and considered group minimum standard. MS&HT is included in the Global AML/CTF Red Flag Repository and a risk topic considered in the Coverage Gap Analysis.



Adverse Media Entities Negative News Screening

All Commerzbank clients and Business Partners are subject to daily negative news screening. In order to meet our obligations under the 6MLD as well as MS&HT requirements, it is deemed necessary to expand the scope of our AME screening categories to include "Social/Labour AME" categories. Compliance are alerted of any discrimination/workforce rights issues and human rights issues.



Detection Model Review

Detection model validation takes place annually as part of the Actimize tuning exercise. 'Below the line', 'in line' and 'above line' testing provides the justification for adjusting the thresholds. Coverage Gap Analysis includes the description of products coverage through various detection models in Actimize. The control is incorporated into the written framework within our Global AML/CTF Monitoring Policy and underlying SAM-R Tuning Procedures. MS&HT is covered in this review process.

Training and Awareness Raising

Commerzbank is committed to raising awareness amongst its staff of modern slavery and human trafficking risks. In the UK, the Bank organises events for staff including external expert speakers to provide insights on real life modern slavery case studies and to help staff identify danger signs.

2022 MS&HT Training:

100%

Completion of our mandatory eLearning on anti-money laundering, which contains materials on human trafficking.

Financial Crime Induction Training is delivered to all new joiners



FCC Thematic Training was delivered in Q3 and Q4 2022 to all UK 1LoD staff. This training covers: *"what is Modern Slavery & Human Trafficking, why is MS&HT important, the legal and regulatory focus on MS&HT, how to spot MS&HT, what can we do to detect and prevent MS&HT?"*



London Client Owner Training is mandatory for all London Client Owners.



Environment, Social and Governance (ESG) Training is optional for any Commerzbank employee



The UK Anti-Slavery



Commissioner's Anti-Slavery Digital Learning was also socialised to all London Branch employees.

In December 2022, Modern slavery and human trafficking awareness raising posters were put up across the London Branch office. The posters highlighted **'Don't be afraid to report suspicious and illegal activity. You are protected'** as well as how to report any MS&HT concerns using the Whistleblowing Tool and the UK Modern Slavery Helpline.



Commerzbank also regularly reports on the development and improvements in the field of human rights in its UN Global Compact progress report, which is published in the Bank's report on corporate responsibility.



All training is closely monitored to ensure it is completed by all employees and conducted in line with our Compliance Training policy and framework.

Financial Crime Bulletin



Throughout 2022 the Global Financial Crime Unit ("FCU") produced a Financial Crime Bulletin on a monthly basis, which provided an overview of Financial Crime related regulatory/ legislative changes, enforcement news, trend alert, risk typologies etc.. This Global FCU newsletter covered MS&HT risk and was shared globally to all employees.

See below a list of all the alerts related to MS&HT issued by the Global FCU.

05/2021

Trafficking in Human Beings EU Strategy 2021-2025

The alert analyses the European Commission's new 'Strategy on Combatting Trafficking in Human Beings for the period 2021-2025', which focuses on preventing the crime, bringing traffickers to justice and protecting and empowering victims.

02/2022

Labour Exploitation

This news alert provided scenarios and key indicators from labour exploitation cases where multiple victims were being housed together.

04/2022

Current Financial Crime Risks Ukraine / Russia Human Trafficking - Illicit Cash Smuggling - Sanction Circumvention

The alert details how the military invasion initiated by Russia against Ukraine on 24 February 2022 caused a humanitarian crisis and prompted large numbers of refugees to flee from Ukraine to the EU, and how criminal networks have used this war to gain profits and increase their human trafficking activities.

05/2022

Update - Financial Crime Risks Migrant Smuggling

This new alert covered how money laundering and terrorist financing occurs via migrant smuggling and why it is becoming a growing global phenomena.

External Engagement and Collaborations

Corporate responsibility also means seeking a regular exchange with external stakeholders.

Commerzbank maintains relationships with numerous organisations and groups which approach the company with requests, demands or suggestions. In particular we pursue 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.



Commerzbank AG UK is a member of the Joint Money Laundering Intelligence Taskforce (the "JMLIT"), a partnership between UK law enforcement and the financial sector. JMLIT was formed to exchange and analyse information relating to money laundering and economic threats. Through JMLIT's Expert Working Group on Human Trafficking and Organised Immigration Crime, Commerzbank takes part in a cross-sector sharing of knowledge and intelligence, including red flag typologies, relating to modern slavery and human trafficking.



AFCA

Similarly, Commerzbank AG Germany is a member of the Anti Financial Crime Alliance (the "AFCA"), a public-private partnership for financial crime information sharing launched in 2019 by BaFIN, Germany's Federal Financial Supervisory Authority, together with the Financial Intelligence Unit (the "FIU") and the Federal Criminal Police Office (Bundeskriminalamt), Commerzbank AG and 14 financial institutions. Through strategic exchange of information AFCA aims at strengthening the fight against money laundering and terrorist financing under the FIU's leadership. Commerzbank AG is leading Working Group II, where the disruption of slavery and child sexual abuse is a strategic objective under sub-stream 3.



On Tuesday 13 December, in honour of International Abolition of Slavery Day, which took place on 2 December, and Human Rights Day on 10 December, we were joined by Rocio Domingo Ramos, Business & Human Rights Officer, at Anti-Slavery International, the oldest international human rights organisation in the world. Rocio explored the key issues surrounding modern slavery in the current environment, as well as what we can do as a business to disrupt this heinous crime. The session covered a range of topics including:

- An overview of Anti-Slavery International and its work with corporate businesses and financial institutions.
- Why is modern slavery and human rights so pertinent right now?
- What role does the financial sector play in aiding the fight against modern slavery?
- ESG, Modern Slavery in the UK (legislation and policy positions) and the German legislation.
- Areas of major risk from a financial services perspective.

“We are committed to our public and private sector partnerships to enhance our ability to collectively tackle MS&HT.”



Commerzbank is one of the Founding Signatories of the Principles for Responsible Banking. This initiative, driven by the UN Principles for Responsible Investment, will allow Investors to use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and society.



Commerzbank joined the UN Global Compact in 2006. Since then, as part of our sustainability reporting, we have issued annual reports on the progress we have made in implementing and integrating the objectives of the Compact in the processes and structures of the bank. Commerzbank fully supports the objectives and principles of the UN Global Compact by initiating a wide range of initiatives and projects. We are continuously developing our activities so that we can continue to meet our obligations under the UN Global Compact in future.



Initiatives, Memberships and Certifications

Global initiatives

- Working Groups Sustainability within Bankenverband (Federal Association of German Banks / since 2013)
- Projekt Committee on Sustainable Finance within Bankenverband (Federal Association of German Banks / since 2020)
- ICC Sustainable Trade Working Group (International Chamber of Commerce / since 2016)
- IIF Sustainable Finance Working Group (Institute of International Finance / since 2016)
- Peer Learning Group on Human Rights (German Global Compact Network / since 2017)



Global initiatives

- UN Global Compact (since 2006)
- UN Environment Programme – Finance Initiative (UNEP- FI) (founding member 1992)
- UN Principles for Responsible Banking (PRB) (since 2019)
- UN Principles for Responsible Investment (PRI) (since 2020)
- Task Force on Climate Related Financial Disclosure (TCFD) (since 2020)
- Net Zero Banking Alliance (since 2021)



PRINCIPLES FOR RESPONSIBLE BANKING

Environment

- German Environmental Management Association (B.A.U.M.) (since 1985)
- Certified Environmental Management System ISO 14001 (since 2009)
- Certified Energy Management System ISO 50001 (since 2016)
- Verification of Environmental and Energy data by DNV GL
- Climate Neutral Now (since 2018)
- Biodiversity in Good Company (since 2022)



Sector Initiatives

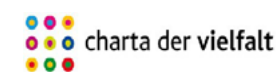
- German Association for Environmental Management and Sustainability in Financial Institutions (VfU) (since 2006)
- Green and Sustainable Finance Cluster Germany (since 2017)
- Climate Commitment of the German Financial Sector (since 2020)



Green and Sustainable Finance Cluster Germany

Social

- Germany's Diversity Charter (since 2008)
- Partner for Youth at UPJ (since 2013)
- UN Women's Empowerment Principles (since 2018)



Core Business

- Green Bond Principles (since 2014)
- Carbon Pricing Leadership Coalition (since 2015)
- Climate Bonds Initiative (since 2020)
- Science Based Targets Initiative (SBTi) (since 2020)



Corporate Governance

- German Corporate Governance Code (since 2002)
- German Sustainability Code (since 2013)



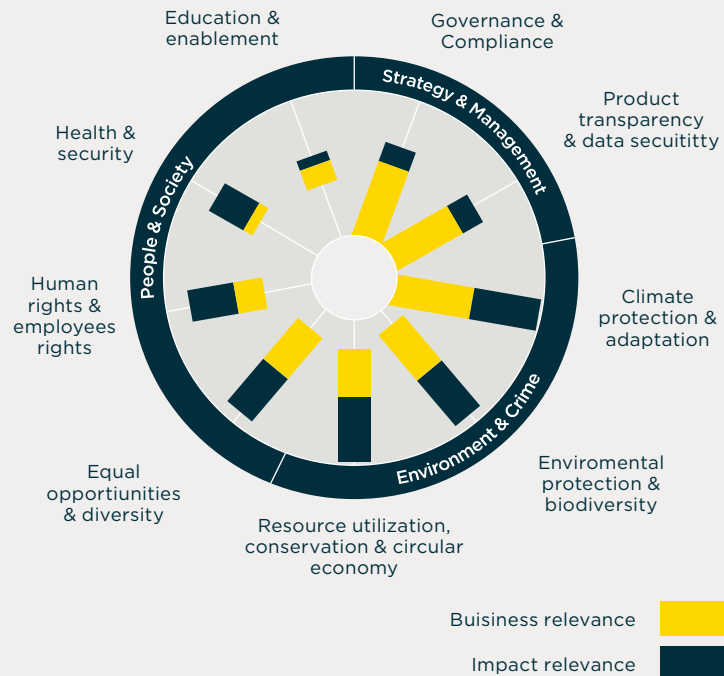
Sustainability & Modern Slavery

The transformation into a sustainable economy affects our customers and ourselves in equal measure. Sustainability, with a particular focus on the 'S' and the 'G' of ESG, is therefore an important part of our "Strategy 2024".

At the beginning of 2022, we identified the sustainability issues most relevant to us via a new materiality analysis. This analysis shows us which topics we need to pursue strategically as a matter of priority. A list of potential sustainability topics was analysed in collaboration with external partners, applying two materiality Perspectives.

Nine topics have consequently been identified as material. They relate to all three sustainability dimensions – environmental, social and governance – and will form the future focus of our sustainability management activities.

Results matrix for the materiality analysis



Our sustainability strategy is implemented through the overarching strategic initiative Sustainability 360°. The customer segments, Risk Management and numerous other relevant Group divisions are involved in the Group-wide initiative, as is Commerz Real. The programme represents an overarching framework for all sustainability activities and ensures that cross-cutting issues are closely joined up, a coordinated approach is taken and tracking is strict. A steering committee consisting of members of the top management of the relevant divisions monitors progress every two months. The status of the programme is regularly reported to the Board of Managing Directors.

Commerz Real has been pursuing its Sustainable4Life sustainability strategy since 2020 and has embedded it within the company's business strategy, in the four impact areas of Portfolio & Investments, Directives & Processes, Team & Stakeholders and Innovation & Digitalisation.

At mBank, too, the ESG agenda is a key component of the business strategy for 2021 to 2025. It is guided by the United Nations Sustainable Development Goals that are relevant for it, and by the UNEP FI Principles for Responsible Banking. Its strategy covers matters such as responsibility for climate change, for the financial situation of its customers, for society, for investors and for alignment with ESG values.

Organisational chart for the 360-degree strategic initiative



Commerzbank is listed for the fifth year in a row in Corporate Knights' ranking of the world's 100 most sustainable corporations, making it the only German bank.



With our ESG Framework, we are giving our stakeholders the greatest possible transparency on our approach to sustainability. We are creating a Bank-wide standard that will enable stringent management of all relevant products, processes, and activities, thereby ensuring the sustainable transformation of Commerzbank.

Bettina Storck
Divisional Head of Group Sustainability Management

ESG & Modern Slavery

Sustainability concerns us all. As a reliable partner to our customers, we intend to actively drive the sustainable transformation of the economy. To meet the international climate targets to which Germany has committed, we need radically new, sustainable ways of doing business. And this applies not only to climate and energy, but also to other environmental and social challenges, across the entire supply chain.

“The bank has a clear stance on controversial issues such as arms, palm oil, deforestation or fossil energies

We are continuously expanding the share of sustainable products for our customers.

Through the ESG framework published in July 2022, we have made our understanding of and commitment to sustainability transparent for all stakeholders. The framework creates a Bankwide standard that enables rigorous management of all relevant products, processes and activities and ensures the sustainable transformation of Commerzbank. The focus of the ESG framework is on our core business. The ESG framework provides an overview of our sustainability directives and exclusion criteria. The Bank has adopted a clear stance on controversial issues such as arms, palm oil, deforestation and fossil fuels for both environmental and human rights reasons. To this end, we have formulated sector-specific requirements, for example for mining, energy and fossil fuels, including oil and gas. Cross-sector requirements relate to human rights and indigenous peoples.

Exclusion criteria have been defined for particularly critical products, transactions or business relationships. This includes, for example, financing for oil and gas production projects (conventional and unconventional production methods), as well as the decision not to finance new construction or expansion for coal mines, coal infrastructure or coal-fired power plants. Financing of such projects is excluded under our Fossil Fuels Guideline. In this way, we ensure that even existing customers are not supported by any business that is prohibited under the Fossil Fuels Guideline.

[Link to our ESG Framework](#)

German Supply Chain Due Diligence Act

Implementation Progress on the Supply Chain Due Diligence Act (“Lieferkettensorgfaltspflichtengesetz“)

The German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) was passed in 2021 and entered into force on 1 January 2023. It seeks in particular to improve the protection of human rights in supply chains. Under the act, Commerzbank is required to identify and prevent violations of certain human rights and certain environmental obligations at direct and indirect suppliers and in its own business activities.



The following milestones were achieved by 1st January 2023

- 01** Publication of the Policy Statement of Commerzbank AG on the human rights strategy
- 02** Update and publication of Commerzbank's Position on Human Rights
- 03** Publication of a risk-specific Global Policy for the Protection of Human Rights and Environment (LkSG) (in German)
- 04** Adaptation of the existing Compliance Management System according to LkSG requirements
- 05** Appointment of the Chief Compliance Officer as the Bank's Human Rights Officer and the Head of Global Financial Crime Prevention as the Deputy Human Rights Officer
- 06** Execution of the initial risk analysis on human rights and environment-related risks in the own business area and for direct suppliers
- 07** Definition of targeted preventive measures based on the result of the initial risk analysis
- 08** Update of the whistleblowing system to include LkSG-specific requirements



Further activities planned for 2023



Publication of a risk-specific Global Policy for the Protection of Human Rights and the Environment (LkSG) (in English)



Finalization of the expansion of the Compliance Management System to include LkSG requirements, in particular with regard to compliance risk assessment, an adaptation of the existing control concept and the preparation of LkSG-specific reporting formats



Rollout of the LKSG program in the relevant subsidiaries, foreign units and formation of a cooperation model



Looking ahead and next steps for 2023

We will continue to monitor, embed and evolve the way we identify and mitigate modern slavery and human trafficking risks in our business and supply chains. Much of this will be guided by our global efforts to implement the Supply Chain Due Diligence Act (“Lieferkettensorgfaltspflichtengesetz”).

In 2023, we will continue to develop our analytical and data tools to support investigations into modern slavery and human trafficking. We will work with both public and private partners to ensure that we are intelligence-led in enhancing our analytical capabilities, and that our Modern Slavery and Human Trafficking response is informed by the most relevant data.

“
Each individual employee bears responsibility for their actions, but also for their non-action.”



Risk Assessment

We will aim to perform a local risk assessment of MS&HT risk so that we are able to document our inherent risk exposure to MS&HT amongst our clients, suppliers and investments.



Benchmarking

Once more legal and regulatory guidance is made available on this topic, we would like to benchmark our suite of MS&HT controls against industry best practice, to identify further opportunities to enhance our internal risk management and mitigation controls.



Client Risk Management

We are considering to further enhance our client onboarding questionnaire to include questions focusing more explicitly on slavery risk and are considering to update our standard client contracts to include MS&HT related integrity clauses.



Third Party Risk Management

We aim to consider if and how MS&HT risk consideration can be further added to our current Business Partner Due Diligence process or tool. For example, whether we are able to risk assess suppliers based on geography, service sectors, spend and against Global Slavery index to identify MS&HT risk exposure. Where necessary, we may perform a thematic review of MS&HT risk on high risk introducers and distributors.



Horizon Scan

We will continue to monitor updates made to the UK Modern Slavery Act 2015 and ensure the appropriate committee are kept abreast of any changes in legal or regulatory requirements.

Disclaimer: Any of the above proposed plans may be subject to change as risks, regulations, laws, controls, priorities and external dependencies may require.

Approval

This statement is made pursuant to the UK Modern Slavery Act 2015 and constitutes Commerzbank AG's Modern Slavery and Human Trafficking Statement. It relates primarily to Commerzbank UK's business operations, activity, and clients. Where necessary and appropriate Global/Bank-wide controls have been included in the statement as some UK activity is driven, supported by, or similar to Global/Head Office systems, controls and activity.

This statement was approved by the Bank's Board of Managing Directors on 12th September 2023 and has been signed on behalf of the Bank by Marcus Chromik and Michael Kotzbauer.



A handwritten signature in blue ink, appearing to read 'M. Chromik'.

Marcus Chromik
Member of Managing Board of Directors

Date: 12th September 2023



A handwritten signature in blue ink, appearing to read 'Michael Kotzbauer'.

Michael Kotzbauer
Member of Managing Board of Directors

Date: 12th September 2023



Disclaimer:

All facts, figures and information in this document pertain to Commerzbank's systems, controls, resources etc., as at 2022, unless otherwise stipulated.

Please note, statements and figures presented in this document may have changed by the time this document is published.



Let us know what you think

For any question or comments on our Modern Slavery & Human Trafficking Statement, please write to us at:

Chief Executive's Office Commerzbank
London Branch
30 Gresham St, London EC2V 7PG, United Kingdom

Appendix A

List of Abbreviations

Abbreviation	Meaning
1LoD	First Line of Defence
2LoD	Second Line of Defence
AFCA	Anti Financial Crime Alliance
AME	Adverse Media about Entities
AML	Anti-Money Laundering
CB	Commerzbank
CEO	Chief executive officer
CLM	Client Lifecycle Management
CCL	Compliance Committee London
CTF	Counter Terrorist Financing
DD	Due Diligence
EDD	Enhanced Due Diligence
ESG	Environment, Social and Governance
FATF	Financial Action Task Force
FCC	Financial Crime Compliance
FCU	Financial Crime Unit
FIU	Financial Intelligence Unit

Abbreviation	Meaning
GRM-CO	Compliance
GM-L	Legal
GRMO	Global Risk Models
GSEC	Global Sanctions Enforcement Check
HR	Human Resources
HT	Human Trafficking
IC	International Corporates
JMLIT	Joint Money Laundering Intelligence Taskforce
KYC	Know Your Clients
KYE	Know Your Employee
LON	London
LRF	London Risk Function
MLRO	Money Laundering Reporting Officer
MS	Modern Slavery
MS&HT	Modern Slavery and Human Trafficking
MSA	Modern Slavery Act
NCA	National Crime Agency

Abbreviation	Meaning
NGO	Non-Governmental Organisation
NPP	New Product Process
NY	New York
OCG	Organised Crime Group
OECD	Organisation for Economic Co-operation and Development
ORP	Operationally Responsible Party
PRP	Primary Responsible Party
RCGC	Regional Customer Governance Committee London
RFP	Request For Proposal
SAR	Suspicious Activity Reporting
SGP	Singapore
SIP	Special Interest Persons
SMR	Senior Managers Regime
TAHub	Traffic Analysis Hub
UK	United Kingdom
UN	United Nations
WG	Working Group



COMMERZBANK