Combined separate non-financial report

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About this report

This combined non-financial report for Commerzbank Aktiengesellschaft and the Commerzbank Group has been prepared in accordance with the requirements of the German Act on Strengthening Corporate Non-Financial Reporting (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG). Alongside the parent company, it covers in particular the material subsidiaries Commerz Real AG, mBank S.A. and Commerzbank Finance & Covered Bond S.A.

As required by law, we provide information in this report on environmental protection, treatment of employees, social responsibility, respect for human rights and the fight against corruption and bribery. As customer focus is another key factor in our success, we also report on the treatment of customers. To identify the topics to report on, we conducted a new materiality analysis of non-financial issues that are key to understanding the business performance and situation of Commerzbank and that are significantly impacted by our business activities (see section “Key topics analysed”). The description of the business model can be found in the “Structure and organisation” section of the (Group) management report.

The directives stipulated by Commerzbank Aktiengesellschaft apply to the entire Group because it is defined as the “global functional lead”. If relevant arrangements at the subsidiaries differ from these policies, these arrangements are explained in this report. Commerzbank Finance & Covered Bond S.A., which as at the end of 2022 had just ten remaining employees and was exclusively managing a run-off portfolio, did not have any additional information to contribute on material non-financial issues in 2022.

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

1 Unless stated otherwise, the information in this report relates to the Group.
information on our risk management can be found in the Group risk report.

In the interests of providing focused information to the recipients of our financial reporting, we have refrained from using a reporting framework. Nevertheless, this non-financial report is guided by the standards of the Global Reporting Initiative (GRI) where relevant for the defined issues. Detailed information on the sustainability work of Commerzbank Aktiengesellschaft is also presented in the GRI sustainability reporting, which is available online. We have opted for integrated reporting and therefore follow the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) in this non-financial report (see table “TCFD recommendations in the non-financial report” on page 72). We joined this organisation in 2020. We have also included information required by the EU Taxonomy Regulation. Apart from the description of the business model, references to further information in the management report and elsewhere do not form part of this non-financial report. The United Nations Sustainable Development Goals (SDGs) also form a basis for our sustainability efforts. In this report, we show how our activities support the achievement of global sustainability goals. By financing renewable energy, for example, we are contributing towards SDG 7, which seeks to ensure access to affordable and clean energy. A detailed overview of our contribution to target achievement can also be found in the sustainability section of Commerzbank’s website.

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

1. Taking responsibility

Our net zero commitment – i.e. the promise to reduce our carbon footprint to net zero – is a key example of how we as a financial intermediary drive sustainability. We follow binding rules for dealing with environmental and social risks, which we continuously review and adapt as necessary. We have a clear stance on controversial topics such as fossil fuels, arms and mining. In the ESG framework that was published in 2022, we disclose all the key building blocks of our sustainability strategy and transparently explain how we manage sustainability in our core business. A transparent and fair approach towards our customers is one of the keys to doing business sustainably. Treating our employees responsibly – even and especially at times of great upheaval and economic challenges – is another.

In the following, we explain in detail how we specifically fulfil our responsibility towards the environment and society and towards our customers and workforce, what successes we achieved in the year under review (see chart “Milestones in 2022”) and what we are still working on. We outline what matters to us and what we stand for. In order to make our progress in the individual areas visible, we regularly collect strategic KPIs (key performance indicators) and other key figures.

Our sustainability rating and ranking results and our inclusion in the relevant indices also demonstrate that we are on the right track. In 2022, major rating agencies for sustainability gave Commerzbank Aktiengesellschaft ratings that were mainly above the sector average. For example, Sustainalytics gives us a “medium risk” rating. In addition, we continue to be listed in sustainability indices such as FTSE4Good. An overview of the ratings and our awards can be found in our Sustainability Factsheet, which is published online and constantly updated.

Our subsidiaries also perform well in this respect: MSCI ESG rated mBank as “A” during the year under review, while Sustainalytics assessed mBank’s risk profile as “low”. mBank is also listed in the WIG-ESG index of the Warsaw Stock Exchange. Commerz Real was awarded the Scope Special Innovation Award in 2022.
The objectives for us are to achieve the United Nations Sustainable Development Goals (SDGs) and the Paris climate target of limiting global warming to well below 2°C. To this end, we are constantly expanding our range of innovative, environmentally friendly products and our sustainable solutions for customers. We are also steadily driving forward the sustainable transformation of our banking operations. Our sustainability strategy is grounded in our commitment to combating climate change, to which our net zero targets will make a significant contribution. In addition, we are increasingly addressing issues that are moving into the focus of the sustainability debate, such as biodiversity protection and a resource-conserving circular economy. We will have to find strategic solutions to these issues in conjunction with our customers.

Our commitment to sustainable transformation is also made clear by our voluntary undertakings. For example, we were one of the first signatories of the Net-Zero Banking Alliance of the United Nations Environment Programme Finance Initiative (UNEP FI). In 2022, we also joined the Biodiversity in Good Company initiative, underlining our determination to make an active contribution to protecting biodiversity and species diversity. An overview of all memberships can be found online.
Among other matters, the Supervisory Board advises and monitors the Board of Managing Directors with regard to sustainability issues. This includes, for example, checking this non-financial report. To reflect the growing importance of sustainability for the Bank, the Supervisory Board resolved to turn the Social Welfare Committee into the Environmental, Social and Governance Committee. It normally meets four times per year. In particular, it assists the Supervisory Board, in addition to the Audit Committee, in assessing whether the management is ensuring the economically viable and sustainable performance of the Bank while also observing the principles of responsible corporate governance, fulfilling the Bank’s social responsibility and at the same time conserving natural environmental resources. The ESG Committee also advises the Board of Managing Directors on ESG issues.

As part of the optimisation of the remuneration system for the Board of Managing Directors, the Supervisory Board has now also linked Commerzbank’s sustainability strategy to the variable remuneration of members of the Board of Managing Directors in a binding manner by adding an explicit ESG sub-target within the Group target, accounting for 20% of Group target achievement. The Group target itself accounts for the majority (60%) of variable remuneration for members of the Board of Managing Directors. This means that from the 2023 financial year, ESG targets will also be explicitly embedded in the variable remuneration system for all members of the Board of Managing Directors via the Group target.

The Group Sustainability Board is chaired by the Chairman of the Board of Managing Directors. The Board also includes other members of the Board of Managing Directors and heads of divisions.

The Group Sustainability Board enables a holistic governance of the Bank’s sustainable orientation

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

The three lines of defence concept for ESG risks was refined during 2022. ESG risks are considered a type of horizontal risk and as such are managed by various control units across the Bank. Group Sustainability Management also acts the second line of defence for social (S) and governance (G) risks, serving as a central point of oversight. Environmental (E) risks are dealt with within the risk control function. A Chief Environmental Risk Officer
(CERO) has also been appointed and tasked with bringing the Environmental Risk Control unit into operation.

The relevance of sustainability is also reflected in Commerz Real’s organisational structure. Sustainability is anchored in the Real Estate Asset Management and Sustainability division, which has additional access to further relevant resources from other divisions, such as Legal and Compliance. The divisional head reports directly to the Chairman of the Board of Managing Directors on sustainability issues.

At mBank, the Sustainable Development Committee, chaired by the Chief Risk Officer, is responsible for managing sustainability. It coordinates sustainability activities and proposes them to the Board of Managing Directors. The committee also monitors the implementation of the ESG strategy and the progress of ESG initiatives, and approves related measures. The Board of Managing Directors also maintains regular dialogue with the Supervisory Board on sustainability issues, while the Risk Committee of the Supervisory Board addresses sustainability matters on a quarterly basis. In addition, the evaluation of mBank’s top 100 managers is partly (10%) linked to ESG targets.

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

The Sustainability Advisory Board provides incentives for the further development of our sustainability strategy

Keeping an eye on regulatory developments
Increasing regulatory requirements at national, international and EU level require constant monitoring. Group Sustainability Management keeps an eye on regulatory developments relating to sustainability issues and coordinates implementation with the relevant units of the Bank. The aim is to further integrate sustainability and ESG risks into the Bank’s strategy, governance and risk management, and to create suitable conditions for mobilising capital.

The current focus of regulatory requirements is on considering how climate change will affect business operations and what risks may arise for the Bank from different climate pathways.

Corporate responsibility also means seeking regular dialogue with external and internal stakeholders. Commerzbank maintains contact with numerous organisations and groups that have a relationship with the Bank. In addition to employees, these include above all customers, the capital market, suppliers and service providers, the media, non-governmental organisations, politicians, civil society and academics. We also engage in regular dialogue with national and international regulatory and supervisory authorities.

Commerzbank pursues an active and transparent dialogue with a view to satisfying the expectations and needs of its stakeholders, taking account of them in its corporate strategy and setting out its own perspective. For example, we regularly discuss the potential impact of our business activities on human beings and the environment with non-governmental organisations. The second public Sustainability Dialogue took place in July 2022. The Bank used this online event, which featured the Chairman of the Board of Managing Directors as a speaker, to inform interested parties about its sustainability activities.

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

Nine topics have consequently been identified as material. They relate to all three sustainability dimensions – environmental, social and governance – and will form the future focus of our sustainability management activities. Climate change continues to have the highest relevance for the Bank.
At the same time, topics such as biodiversity and circular solutions have become more important than in previous materiality analyses, so we are now addressing these more closely. To apply the materiality analysis in the Bank’s operations, the results were incorporated into the annual Bank-wide strategy process and discussed at the level of the Board of Managing Directors. Our reporting in this non-financial report is also geared to the new materiality analysis.

Results matrix for the materiality analysis

Pursuing net zero target

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

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

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

Key figure: By the end of 2022, Commerzbank Aktiengesellschaft had mobilized €246.5bn for sustainable financial products, out of a target of €300bn by the end of 2025. There was a strong increase in 2022 for ESG-/Sustainability-linked loans and promissory note loans in particular to €107.9bn. This also includes syndicated loans amounting to €103.8bn (Loan commitments from Commerzbank around 7%). A detailed overview of all products contributing to this goal can be found on page 71 (table “Composition of the €300bn target”).

- We plan to reduce the CO₂ emissions of our own banking operations to net zero as early as 2040. By 2025, greenhouse gas emissions at Commerzbank Aktiengesellschaft are to be reduced by a further 30% compared with 2018. We expect our suppliers to be climate-neutral by 2040. CO₂ emissions in 2022 were 78,402 tonnes (see “Reducing operational emissions”).
The status of target achievement is regularly ascertained and reported internally and externally. Publication of the status for target 1 – managing the portfolio based on CO2, working towards net zero – is planned from the next reporting year. The Group Sustainability Board, chaired by the Chairman of the Board of Managing Directors, reviews the progress towards these three strategic sustainability targets.

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.

mBank also announced long-term targets for its carbon neutrality strategy in 2022. It is committed to achieving carbon neutrality in its direct emissions (Scope 1) and those of the energy it purchases (Scope 2) by 2030. mBank plans to become completely carbon neutral – including its loan portfolio – by 2050. To this end, it became the first Polish bank to join the Partnership for Carbon Accounting Financials (PCAF) in April 2022. This alliance enables the carbon footprint of the loan portfolio to be determined in accordance with recognised standards. In October 2022, mBank joined the Science Based Targets initiative (SBTi) to ensure that it implements its decarbonisation targets in line with the Paris Climate Agreement. As part of its strategy, mBank has also undertaken to introduce at least one new ESG-compliant product per year in both the retail and corporate customer segments. For example, in 2022 it began offering an “EcoLoan” to retail banking customers for financing environmentally friendly investments. This product is in line with the objectives of the EU Taxonomy Regulation. mBank has already granted more than 500 of these loans for energy-efficient homes, with a total volume of almost €67m (about PLN 314m).

### 3. Responsible management

One of the three objectives agreed under the 2015 Paris Agreement was to bring global financial flows into line with climate targets. Funding for new projects and technologies is intended to reduce greenhouse gas emissions and support climate change adaptation measures. The aim is a gradual decarbonisation of industry with the aid of financial instruments. This can be done, for example, by promoting renewable forms of energy (See “Supporting the customer transformation”) or forgoing certain transactions such as financing new coal mines or coal-fired power stations. We too want to prevent our business activities from having a negative impact on the environment and on society and to avoid or mitigate any risks that might result.
Making our stance clear

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 Bank-wide 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. 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.

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

Exclusion criteria have been defined for particularly critical products, transactions or business relationships. This includes, for example, new financing for oil and gas production projects (conventional and unconventional production methods), as well as the Group-wide 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 Policy. In this way, we ensure that even existing customers are not supported by any business that is prohibited under the Fossil Fuels Policy. For years now, environmental and biodiversity aspects have been integrated into the core business by means of minimum environmental standards and corresponding exclusion criteria, and compliance with these standards has been monitored.

We are committed to respecting human rights and are contributing to their promotion and protection

In view of the special risks associated with fossil fuels and arms, the Board of Managing Directors of Commerzbank Aktiengesellschaft has passed its own binding directives on these matters that define many of the relevant transactions and business relationships in these areas as being subject to assessment, and encompass exclusion criteria. The Fossil Fuels Policy was revised at the beginning of 2022 and includes Commerzbank Aktiengesellschaft’s requirements for customers in the coal, oil and gas sectors.

Adjustments were also made in relation to arms during the year under review. What has not changed is that we recognise the basic right of states to defend themselves and do not question the need for the German armed forces to exist or to be adequately equipped. We therefore continue to finance arms manufacturers who produce weapons and armament systems for the Federal Republic of Germany and its allies. Nevertheless, we have tightened and expanded the requirements and criteria for the arms industry applying to Commerzbank Aktiengesellschaft, which have been in place since 2008. The Board of Managing Directors approved the new Arms and Surveillance Technology Policy in January 2023. It preserves the fundamental parameters of the old policy, which means that Commerzbank will not fund arms business in conflict zones or areas of tension, or business relating to what are termed “controversial weapons”. In addition, the new policy now also governs the approach in relation to autonomous weapons and surveillance technology.

Commerzbank is committed to respecting human rights and wants to help promote and uphold these within its scope influence, for example in its dealings with employees, suppliers and customers. The Bank’s Position on Human Rights describes in detail how we address this matter. In the Reputational Risk Management department, business transactions and relationships in sectors such as mining, raw materials extraction and cotton production, where human rights are a significant consideration, are intensively researched, analysed and assessed in detail. During the year under review, Commerzbank Aktiengesellschaft also worked intensively on implementing the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which entered into force on 1 January 2023 (see “Managing compliance risks”).

Commerzbank Aktiengesellschaft’s Reputational Risk Management department thus defines the criteria for and limits of business operations and assesses transactions, products and customer relationships after careful analysis.

Evaluating environmental and social risks

Sustainability in the core business is assessed by the Reputational Risk Management department at Commerzbank Aktiengesellschaft. We do not limit ourselves to what is legally required; instead, we consider the legitimacy of all transactions.
The assessment process starts in the front office: as soon as an issue defined as sensitive by the Bank is affected, Reputational Risk Management must be brought in. The assessment uses a five-point scale and can result in a rejection of the product, the transaction or the business relationship. According to the risk inventory, reputational risk is one of the main non-quantifiable risk types in the Commerzbank Group and is therefore managed as part of the overall risk strategy. All sensitive issues, positions and directives are reviewed regularly and updated as necessary.

mBank in Poland operates its own Reputational Risk Management department based on its commitment to the United Nations Global Compact. mBank’s risk management strategy is based on three pillars: supporting sustainable growth, striving for prudent and stable risk management, and strengthening its skills in managing ESG and cyber risks. mBank has formulated its own exclusion criteria for various sectors based on the EU’s climate and energy policies. These include the mining and energy sectors, among others: for example, financing for the construction or expansion of hard coal and lignite mines is excluded. mBank’s reputational risk strategy is reviewed annually and coordinated with the parent company.

Recognising impacts on biodiversity

Global economic output is dependent on properly functioning ecosystems, which makes conserving biodiversity imperative. The current state of ecosystems and species numbers brings home how important it is to act. In order to lay the foundations for future management of biodiversity, we conducted an impact analysis using the “Encore” tool for the first time in 2022. Encore provides a science-based link between economic activities and biodiversity-damaging impacts. In our analysis, we compared the business volume of the sectors we finance with the tool’s external data and then weighted them. We identified potential areas of action and strategic priorities and will develop further analyses and measures to protect biodiversity.

Biodiversity loss in figures

- Ecosystem extent and condition: 47%
- Decline in wild mammal biomass: 82%
- Species Extinction Risk: 25%

1 Compared with earliest known level (source: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)).

Reducing financed emissions

We are pursuing the strategic goal of reducing the CO₂ emissions of our entire loan and investment portfolio to net zero by 2050. To this end, we analysed the carbon intensity of Commerzbank Aktiengesellschaft’s loan portfolio in 2022 using sector-specific target values in accordance with the Paris Agreement. Our methodology is guided by the SBTi, which strives to reduce greenhouse gases by applying scientifically calculated targets. This enables companies to align their climate policy with the goals of the Paris Agreement and effectively counteract climate change. Using the SBTi method “Sectoral Decarbonisation Approach” (SDA), we have set specific sector-specific goals with a view to reducing the CO₂ emissions associated with our loan and investment portfolio (known as “financed emissions”) and ultimately meeting our net zero target.

We aim to manage all portfolios highlighted as requiring attention in the SBTi method, with a particular focus on emissions-intensive sectors. These include power generation, fossil fuels, automotive manufacturing, and the production of cement, iron and steel. We will also consider the private residential mortgage loan portfolio, which is deemed optional in the SBTi analysis. In the 2022 reporting year, corresponding emissions intensity reduction targets were formulated for all these portfolios and validated under the SBTi.
The portfolio targets according to the SBTi are published in the ESG framework, and the status of target achievement is regularly updated there. Our ambition is to support companies in the real economy in their transition process and to sustainably reduce emissions.

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

### Reduction targets under the Sectoral Decarbonisation Approach (SDA)

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<th>Asset class</th>
<th>Sectors</th>
<th>CO₂ reduction paths for the period to 2030</th>
<th>SBTi minimum coverage</th>
<th>Utilisation</th>
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<tr>
<td>Consumer loans</td>
<td>Residential mortgage loans</td>
<td>2021: 46 kg CO₂/m² 2030: 20 kg CO₂/m²</td>
<td>Optional</td>
<td>€94bn</td>
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<tr>
<td>Project financing/corporate loans</td>
<td>Energy</td>
<td>2021: 91 g CO₂/kWh 2030: 24 g CO₂/kWh</td>
<td>100% of kWh</td>
<td>€7.4bn</td>
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<td>Corporate loans</td>
<td>Commercial real estate, commercial use</td>
<td>2021: 91 kg CO₂/m² 2030: 30 kg CO₂/m²</td>
<td>&gt; 67% of m²</td>
<td>€8.3bn</td>
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<tr>
<td>Corporate loans</td>
<td>Commercial real estate, residential use</td>
<td>2021: 36 kg CO₂/m² 2030: 16 kg CO₂/m²</td>
<td>&gt; 67% of m²</td>
<td>€0.4bn</td>
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<tr>
<td>Iron and steel</td>
<td></td>
<td>2021: 1.6 t CO₂/t steel 2030: 1.0 t CO₂/t steel</td>
<td>&gt; 67% in total</td>
<td>€0.2bn</td>
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<td>Corporate loans and investments</td>
<td>Cement</td>
<td>2021: 0.6 t CO₂/t cement 2030: 0.5 t CO₂/t cement</td>
<td>&gt; 67% in total</td>
<td>€0.3bn</td>
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<td>Automotive manufacturing</td>
<td></td>
<td>2021: 162 g CO₂/pkm 2030: 111 g CO₂/pkm</td>
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<td>€1.8bn</td>
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<td>Aviation²</td>
<td></td>
<td>2021: 781 g CO₂/tkm 2030: 611 g CO₂/tkm</td>
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Around 85% of financed emissions are covered by the sector specific SBTi targets

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**Incorporating EU taxonomy**

With the European Green Deal, which envisions greenhouse gas neutrality by 2050, the EU has set itself ambitious sustainability goals. The financial system can make a crucial contribution to transforming the economy by directing capital flows towards sustainable investments. As a uniform classification system, the EU Taxonomy Regulation is intended to support financial market participants in recognising sustainable economic activities by applying comparable criteria.

It thus provides key guidance for the development of new green products and services and helps us assess the sustainability of businesses, partners and customers. Commerz Real’s impact fund, KlimaVest, is aligned with the EU taxonomy criteria. With full implementation of the Regulation from 2023, more extensive information will become available, which will significantly increase transparency with regard to the sustainability of business partners and their activities. On this basis, the sustainable transformation can, for example, be supported to an even greater extent through differentiated pricing models.

The EU has identified 104 economic activities across 13 sectors in the Taxonomy Regulation. The activities included may be particularly relevant in terms of their impact on the climate and environment – both positive and negative. In March 2022, a separate delegated act expanded the economic activities to include nuclear and gas activities, which are considered transitional activities for a certain period of time.

Once the full requirements enter into force in the 2023 reporting year, the affected transactions must be checked for their taxonomy compliance. Only then can a statement be made as to whether the business can be described as sustainable within the meaning of the EU taxonomy. It is on this basis that we will calculate the Bank-specific “green asset ratio” metric going forward. Economic activities in the nuclear and gas sectors must be included in the green asset ratio, but must also be reported separately.
For the current reporting year, the EU initially requires only a reduced scope of reporting. This contains an initial indication of what proportion of the business volume will be relevant in future for the numerator of the green asset ratio (taxonomy-relevant, see KPIs 1 and 2). The EU taxonomy only covers certain parts of the portfolio; for example, assets outside the European Economic Area are not captured (see also KPIs 3–7). The proportion of the defined economic activities and sectors that must be subjected to a taxonomy compliance check (taxonomy-eligible; see KPI 1) is disclosed. As such, the portfolio is initially broken down based on what proportion requires a taxonomy check; the actual results of the checks (taxonomy compliance) will be reported with full implementation from 2023. The following figure illustrates this:

The metrics to be published until the full requirements come into force are described in a separate legal act. Where this does not provide clear specifications regarding the calculation method, we have made reasonable assumptions.

A total of seven metrics (KPIs 1 to 7) are to be disclosed in the 2022 reporting year. KPIs 1 and 2 are published twice, as company publications now feed into the calculations for the first time. The KPIs were determined on the basis of the key financial figures as at 31 December 2022. The KPIs were calculated using the Bank’s central data warehouse, which also forms the basis for the financial reporting. The mBank data were collected locally and then integrated into the Group figures. The calculation was based on gross carrying amounts. The following picture emerged:

The other assets, such as cash on hand, cash on demand and fixed assets (2.09%), do not form part of mandatory reporting and are not captured in the table.

<table>
<thead>
<tr>
<th>KPI to be disclosed</th>
<th>Share of total assets in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales-based</td>
</tr>
<tr>
<td>KPI 1 Taxonomy-eligible assets</td>
<td>24.57</td>
</tr>
<tr>
<td>KPI 2 Non-taxonomy-eligible assets</td>
<td>11.35</td>
</tr>
<tr>
<td>Taxonomy-relevant (KPIs 1 and 2)</td>
<td>35.92</td>
</tr>
<tr>
<td>KPI 3 Exposures to central governments, central banks and supranational issuers</td>
<td>26.12</td>
</tr>
<tr>
<td>KPI 4 Derivatives</td>
<td>0.35</td>
</tr>
<tr>
<td>KPI 5 Exposures to companies not subject to the NFRD</td>
<td>29.03</td>
</tr>
<tr>
<td>KPI 6 Trading portfolios</td>
<td>6.43</td>
</tr>
<tr>
<td>KPI 7 Short-term interbank loans</td>
<td>0.06</td>
</tr>
</tbody>
</table>

We used the taxonomy-relevant volume to derive KPIs 1 and 2. This analysis omits significant parts of our portfolio; for example, the taxonomy only applies to assets within the European Economic Area.
Derivatives and exposures to governments and central banks, short-term interbank loans and the trading portfolio are also currently not taxonomy-relevant. These positions can be determined from attributes that are available in the Bank’s database. KPIs 3, 4, 6 and 7 indicated in the table illustrate a dimension about the disclosed amounts.

Exposures to companies that are not required to issue a non-financial report are also classed as not taxonomy-relevant. We do not currently have a complete data source available that would enable us to identify which companies are required to publish a non-financial report and must therefore satisfy the requirements of the EU taxonomy. We derived this using data from an external data provider on companies required to publish a non-financial report, which we combined with our portfolio information. Irrespective of this, we also classified any corporate customer that employs more than 500 people and is headquartered in the EEA as being required to publish a non-financial report.

In the next step, we examined the volume identified as taxonomy-relevant for its taxonomy eligibility and assigned it to KPI 1 or KPI 2. The taxonomy eligibility can be derived in particular from the specific intended use. Loans with a purpose not related to economic activities covered by the EU taxonomy are not considered taxonomy-eligible and fall under KPI 2. To determine the taxonomy eligibility of the securities portfolio and general-purpose loans, we used the taxonomy ratios published by the respective counterparties and borrowers, where available. The data relate to the 2021 financial year and were also obtained from an external party. The transactions were weighted by the companies’ sales-based and capex-based KPIs and included in the numerator. The two KPIs are to be considered independently of each other.

Where there is no information on assets, Commerzbank has decided to classify these conservatively as non-taxonomy-eligible and assign them to KPI 2. Any possible exaggeration or underestimation of the taxonomy-relevant volume (KPIs 1 and 2) that could result from application of the non-financial report requirement therefore has only a small impact on the volume classified as taxonomy-eligible (KPI 1). This relates predominantly to real estate loans, which are not relevant for this distinction.

In spring 2022, the European Commission expanded the EU taxonomy to include economic activities in the nuclear and gas sectors. Commerzbank’s own understanding of sustainability in these activities is described in greater detail in the ESG framework. We have a principle of not financing any new nuclear power plants. The same is true for uranium mines. We assess fossil fuels very critically and tightened our requirements for such transactions at the beginning of 2022.

At the same time, we see the need for gas as a transition technology over the coming years to ensure continued stability of supply. We therefore critically scrutinise financing for the construction of gas-fired power plants on a case-by-case basis. We expect our customers in the energy supply sector, whose power generation portfolios may include nuclear power and/or gas-fired power plants, to take clear steps towards sustainable transformation.

The extension of the EU taxonomy to include nuclear and gas did not come into force until 1 January 2023, so the corresponding company data will be published for the first time in the course of 2023. At present, it is only possible to estimate the proportion of the portfolio that relates to these economic activities. Based on the available internal and external data, only a small proportion of the taxonomy-relevant portfolio is expected to relate to nuclear and gas business, meaning that KPI 1 is estimated to increase by less than 0.2 percentage points.

Managing climate and biodiversity risks

At Commerzbank, we do not consider climate risks as a separate type of risk, but as a horizontal risk. This can materialise across the different known types of risk. In 2022, we again carried out a comprehensive materiality analysis for climate risks across all risk types for the Commerzbank Group, in particular with regard to the expectations set out in the ECB’s guidance on climate and environmental risks. In this process, all risk types assessed as material in the risk inventory are evaluated in terms of their materiality in relation to climate risks, and both transition and physical risks are taken into consideration. Transition risks arise for companies, for example, as a result of regulatory or legal changes in energy policy, changes in market sentiment and preferences, or technological innovations. Physical risks, on the other hand, develop as a result of changing climatic conditions and the associated more extreme and more frequent acute weather events, such as floods, or chronic effects, such as rising sea levels.

Depending on the risk type, the assessment was made on a qualitative and/or quantitative basis. As a result of the analysis, the influence of climate and environmental risks for the risk types credit risk, market risk, operational risk (including compliance and cyber risk), reputational risk and business risk was confirmed as material.
The findings of the materiality analysis feed into the creation of the business strategy, the overall risk strategy and the sub-risk strategies as well as into other core elements of the Bank’s internal process to ensure an adequate capital position, such as the internal stress test framework and the risk-bearing capacity concept.

With regard to credit risk, relevant parameters of various climate scenarios were holistically translated into economic effects. For transition risks, changes in regulations, prices and supply or demand, and the effects of technological changes are considered, among other things; to assess physical risks, climate scenarios involving acute flooding and heat events are used and analysed. This is followed by a statement on the impact of climate risks in the short, medium and long term up to 2050.

The results of the analyses are aggregated into a structured assessment that is incorporated into the decision-making processes. We take this score into account in individual lending decisions, but we also use it as part of portfolio analysis and management. We will progressively extend this approach to other relevant portfolios and include smaller companies, for example. In our target state, we want to integrate climate risks – as far as possible – into the quantitative credit risk analysis and thus fully reflect them across the process chain, including in pricing and reporting.

Climate risks also play a major role in Commerz Real’s asset management, both physical and transition risks. The Bank uses future scenarios based on the representative CO₂ concentration pathways set out by the Intergovernmental Panel on Climate Change to accurately determine the exposure of assets and the portfolio. In its risk assessment, including scenario analyses, Commerz Real relies on tools such as the Carbon Risk Real Estate Monitor (CRREM) and the PwC Climate Excellence Tool. The CRREM tool shows climate pathways using asset class and country-specific CO₂ and final energy target values for a 1.5° and a 2.0° scenario. The Climate Excellence Tool, on the other hand, allows for a site-specific evaluation of physical climate risks for different scenarios. In this way, Commerz Real tries to perform a risk analysis that is as accurate as possible for the location on the basis of existing data and to derive specific measures to prevent damage at an early stage. The results feed into the risk assessment and the sustainability assessment of all real estate transactions and are taken into account accordingly in the management phase. The basis of climate risk management is collecting all consumption and emissions data and location data in a way that is as reliable as possible. To this end, Commerz Real has implemented a sustainability data management system and also uses external partners to collect data on a global level.

We conduct materiality assessments for climate- and biodiversity risks to gain a comprehensive understanding of the potential impacts on the bank.

Transition risks are industry-specific and can sometimes vary significantly between different sub-sectors of an industry (e.g. mechanical engineering). We look at the impact on an industry from both a macroeconomic and an internal Bank perspective. Potential impacts of physical climate risks vary, in some cases significantly, by geographic location and circumstances, and must be considered when taking a portfolio perspective.

As a major financier of the German economy, we are also active in sectors that are particularly exposed to climate-related physical or transition risks. However, we have little exposure to some of the hardest-hit sectors (agriculture, for example). Sectors that could potentially be more heavily affected by climate risks and that have a sufficiently large exposure are, for example, the energy sector, the automotive sector and mechanical engineering. Owing to the geographical focus of our portfolio in Germany and Europe, we are less affected by physical climate risks, such as hurricanes and rising sea levels, than other regions in the world. Overall, both climate-related transition and physical risks are considered material to credit risk over a long-term time horizon.

Risk assessment in lending activities also includes exposure and resilience to climate risks

In this, we are progressively combining the specific findings from the scenario analyses with the individual risk analysis at customer level. We take a portfolio-specific approach and thus take appropriate account of the differences in terms of affectedness and the risk drivers. In the particularly relevant portfolios, such as large, international companies, special financing and commercial real estate finance, we have supplemented the qualitative risk analysis in the individual loan decisions with specific aspects for the analysis of climate risks.

Taking climate into account in lending

In order to proactively manage the effects of climate risks in Commerzbank Aktiengesellschaft’s lending business, we are systematically optimising our processes and methods. Lending decisions for companies and institutional customers therefore take into account not only an individual risk assessment but also – where relevant – the extent to which they involve climate risks and the level of resilience to them.
Materiality analysis of climate and biodiversity risks

<table>
<thead>
<tr>
<th>Material risk types</th>
<th>Climate Risk</th>
<th>Biodiversity Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Risk (incl. Counterparty Risk)</td>
<td>material</td>
<td>material</td>
</tr>
<tr>
<td>Market Risk</td>
<td>material</td>
<td>non-material</td>
</tr>
<tr>
<td>Operational Risk (incl. Compliance Risk and Cyber Risk)</td>
<td>material</td>
<td>non-material</td>
</tr>
<tr>
<td>Reputational Risk</td>
<td>material</td>
<td>non-material</td>
</tr>
<tr>
<td>Physical Asset Risk</td>
<td>non-material</td>
<td>n.a.</td>
</tr>
<tr>
<td>Business Risk</td>
<td>material</td>
<td>non-material</td>
</tr>
<tr>
<td>Liquidity Risk</td>
<td>non-material</td>
<td>non-material</td>
</tr>
<tr>
<td>Model Risk</td>
<td>non-material</td>
<td>non-material</td>
</tr>
</tbody>
</table>

Understanding biodiversity risks

In addition to climate risks, risks from the loss of biodiversity are also among the relevant environmental risks. In 2022 the materiality analysis examined for the first time the extent to which biodiversity is a material risk driver for the Commerzbank Group. As with climate risks, biodiversity risks can be divided into physical and transition risks. While physical biodiversity risks arise from a loss or degradation of things provided by the ecosystem on which the economic system depends (e.g. pollination or genetic diversity), transition risks in this context refer to risks that arise from the transformation process towards a more sustainable and environmentally friendly economy.

The materiality assessment examined the extend to which biodiversity is a material risk driver for the Commerzbank Group.

As a result, we currently assess physical biodiversity risks as not material, but consider transition risks to be material risk drivers for credit risk in the medium and long term. It can be assumed that biodiversity risks will tend to increase with time. In the future, a more in-depth analysis is planned, supported by corresponding scenarios – where available – and more advanced evaluation methods in this context.

4. Supporting the customer transformation

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

We provide our customers with expert advice on transforming their business models. We align our offering with their interests, evaluate our business success in part based on their satisfaction, and incorporate sustainability into our dialogue formats. Ensuring data security also makes a significant contribution to customer satisfaction. We continuously check this level of satisfaction and ensure that we involve our customers at the appropriate points.

Sustainable financing

We develop sustainable products with a view to regulatory requirements and market analysis and apply the Bank’s own specialist and product expertise. These products support our customers in their sustainable transformation and at the same time provide incentives for companies and private individuals to become more sustainable. We draw on classic product development practices, agile methods and direct dialogue with customers. The products prioritised for development are determined in equal measure by the requirements of the Bank’s own sustainability strategy, economic considerations and regulatory requirements.
In the Corporate Clients segment, we rely on risk and sales data to evaluate the ESG dimensions of our portfolio and to carry out a dedicated potential analysis for new products. As a result, we have identified new sectors that offer us new sustainable business opportunities and at the same time allow us to provide advisory services and financing products to support our customers in their own transformations. The sales and lending departments work closely together to address the specifics of ESG issues. mBank also began reviewing and evaluating new products in terms of their impact on the environment and society (including customers) in 2022. This encompasses sustainability aspects such as greenhouse gas emissions and climate change, waste and the circular economy, and equal access to financial services.

### Promoting renewable energy
Commerzbank Aktiengesellschaft has long, wide-ranging experience with renewable energy. Corporate and project financing along the value chain have been part of our portfolio since the 1980s and will continue to be a growth area for us in the future. The core business of the Competence Center Energy (CoC Energy) with its sites in Hamburg and New York is the global provision of finance to wind and solar parks as well as related technology. The plants that are financed are operated in particular by independent power producers, project developers, institutional investors and utilities.

The total funding commitments of the Center of Competence „Energy“ amounted to around €8bn in 2022.

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

As part of its 2021–2025 business strategy, mBank has committed to mobilising approximately €2.1bn (PLN 10bn) to finance green investments, particularly in renewable energy sources. At the end of 2022, mBank’s total renewable energy portfolio had a value of €705.9m (PLN 3.4bn). In 2022 alone, mBank provided around €132.9m (PLN 636.5m) for seven photovoltaic projects and four wind farm projects. In addition to financing large-scale projects, mBank offers financial support for smaller renewable energy projects with a rated output of up to 5 megawatts.

Commerz Real contributes directly to shaping the energy transition by investing in renewable energy. It also sourced electricity from renewable sources for the properties held by its funds and special funds, where local markets permitted.

### Demonstrating sustainable solutions
Commerzbank Aktiengesellschaft also incorporates sustainability considerations into the development of traditional financing solutions. We advise businesses about the advantages of public promotional loans such as KfW’s energy efficiency programmes or its climate protection initiative for small and medium-sized enterprises. We keep an eye on new products and product evolutions from the public funding bodies and offer these to our customers.

Within corporate customer lending, since the beginning of 2022 we have also been offering sustainable bilateral credit products used to fund sustainability-related projects (green loans). Corporate financing can also take the form of KPI-linked loans and ESG rating-linked loans, where the margins are based on the extent of the company’s transformation efforts.
The yardsticks for these efforts are either individually agreed, externally validated indicators such as CO₂ emissions reductions, or a recurring sustainability rating from a recognised agency that compares the company’s sustainability efforts with its sector. The Bank is also working on expanding other financing products to include sustainability components.

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

The green CBU, an individual loan for self-employed people and small businesses, also finances sustainable commercial investments. Examples of these include heat or electricity generation from sustainable, renewable sources and investments in electric and hydrogen mobility, which are subsidised by means of a reduced interest rate. The intended uses of these projects meet the definition of sustainable products under the ESG framework, meaning that the financing goes towards climate protection or climate adaptation activities.

**With our “Green Mortgage” the financing conditions for the construction, modernization or acquisition of buildings for personal or third-party use are discounted**

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

**Sustainable investments and capital market products**

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

Since 2022, we have also taken our customers’ sustainability preferences into consideration as standard when giving investment advice.

**Developing sustainable bonds and loans**

In 2007, we were involved in issuing the world’s first green bond.

Since then, we have supported a large number of companies in preparing and issuing sustainable bonds. In the year under review alone, Commerzbank Aktiengesellschaft acted as lead manager for the issue of 59 sustainable bonds with a total volume of €46.6bn (2021: €62.3bn). This volume is included in the sustainable business volume in accordance with the criteria set out in the ESG framework.

**In 2022, Commerzbank was lead manager in the issuance of 59 sustainable bonds with a total volume of €46.6bn**

These included a number of innovative transactions, such as the first sustainability-linked bond in the Swiss franc market in January 2022 and the largest green bond transaction by a corporate issuer to date in May 2022. We continue to be active in various industry associations and similar interest groups, thus helping to actively develop the market for sustainable bonds. In total, the Bank has already assisted in the issue of more than 200 sustainable bonds.

In addition, Commerzbank Aktiengesellschaft arranges, structures and places sustainable promissory note loans and syndicated loans, particularly in the form of ESG-linked loans, for corporate customers of varying sizes across a wide range of sectors. In these transactions, we regularly act as sustainability coordinator in order to develop ambitious ESG structures, working on behalf of the banking consortium in close consultation with the companies. ESG-linked loans are a comparatively new but very fast-growing product category, and now represent the most common form of sustainable syndicated loans. The terms of the loans are linked to sustainability criteria, predominantly in the form of sustainability-related KPIs, or to an ESG rating of the borrower. If the borrower meets the predefined targets for these KPIs or the underlying rating, the interest rate is lower – with higher interest rates applying if they are not met. Sustainable promissory note loans operate in essentially the same way. Since 2017, we have been participating in working groups of the Loan Market Association to actively shape the implementation of sustainability in the syndicated loan market.
In 2022, Commerzbank Aktiengesellschaft was involved in 71 ESG-/Sustainability-linked syndicated loans for companies in Europe with a total transaction volume of €103.8bn. It was also involved as the arranger in eight sustainable promissory note loans with a total transaction volume of €3.24bn, of which €800m was attributable to the largest sustainable promissory note transaction anywhere in the world to date.

**In 2022, Commerzbank participated in 71 ESG-/Sustainability-linked syndicated loans for companies in Western Europe with a total volume of €103.8bn**

Sustainability aspects are also playing an increasingly important role in the Bank’s own investments. As part of its liquidity management activities, Commerzbank Aktiengesellschaft is increasingly investing in sustainable bonds and building up its own ESG portfolio. To this end, the Bank plans to invest an increasing proportion of its own assets in green, social and sustainability bonds. By the end of 2022, their volume within the liquidity portfolio had reached €2.2bn. Commerzbank takes sustainability aspects into consideration in its company pension scheme in Germany, with asset managers only selected for the pension plan if they have signed up to the UN Principles for Responsible Investment (UN PRI).

**Investing customers’ money sustainably**

As a signatory to the UN PRI, the Asset Management unit at Commerzbank Aktiengesellschaft is committed to making responsible investment decisions. Asset Management therefore offers wealthy individuals and corporate customers various solutions that take environmental and social factors into consideration. In particular, customers can agree on individual sustainable asset management in which the security selection not only takes exclusion criteria and sustainability ratings into account, but also aims to invest in companies with sustainable business activities. Overall, the proportion of sustainable investments, which under the ESG framework feed into the sustainable business volume, has increased significantly in recent years and as at the end of 2022 accounted for 10.7% of Commerzbank Asset Management’s AuM.

The motif investing product offered by Commerzbank’s comdirect brand enables customers to make targeted investments in megatrends without the need to obtain advice. The funds, ETFs and equities are sorted into themes such as robotics, health, technology and sustainability, which customers can then use to compile their portfolio.

These products are also available to select for other investment formats such as savings plans. comdirect is also responding to customer demand for green investment opportunities via its digital asset management service, cominvest green.

mBank is also active in this segment, having launched a new ESG investment strategy in September 2019. Private customers can now invest in ETF-based equity and bond portfolios that have a positive impact on the environment and society. The value of assets invested in ESG asset management strategies for private customers shrank by 20% year on year to €32m (PLN 153m) as at the end of 2022, but at the same time these strategies’ share of the total volume rose year on year from 29% to 32%.

Commerz Real combines sustainable investment opportunities with a direct contribution to shaping the energy revolution: the first investments were made in solar energy via funds back in 2005, and numerous investments have followed. The portfolio was also expanded to include onshore and offshore wind turbines. With a total annual output of around 1,623 megawatts from 57 ground-mounted solar power plants and 43 onshore/offshore wind farms, the Commerz Real Group is now one of the biggest German asset managers in this segment. The total transaction volume in renewable energy stood at around €4.2bn at the end of 2022.

The „klimaVest“ is the first open-ended real asset fund in the field of renewable energies for private investors.

In 2020, Commerz launched klimaVest, the first open-ended real asset fund in the renewable energy sector aimed at private investors, with redemption rights in the form of an ELTIF (European Long-Term Investment Fund). Since 2021, the fund has met the transparency requirements to qualify as a sustainable financial product under Article 9 of the EU Disclosure Regulation. klimaVest invests mainly in facilities for the generation of renewable energy and in the infrastructure of the energy revolution. The fund’s investment objective is to generate attractive risk-adjusted returns for investors while making a positive contribution to the achievement of environmentally sustainable objectives within the meaning of the EU taxonomy. klimaVest’s volume stood at around €992.3m at end-2022. This figure is expected to grow to €4.5bn by 2025, with a target of around €2.2bn in equity.

Commerz Real also sets great store by sustainability in managing its real estate assets, such as with hausInvest. With €17.4bn in assets at the end of 2022, the fund is one of the largest open-ended real estate funds in Europe.
In 2021, it became one of the first open-ended real estate funds to promote environmental and/or social objectives pursuant to Article 8 of the Disclosure Regulation. The fund has expanded its investment strategy accordingly. The aim is to reduce the portfolio’s CO₂ footprint to 14 kilogrammes per square meter by 2050. In August 2022, haushInvest decided to meet the requirement level for environmentally sustainable investments under the EU taxonomy and the minimum requirements for sustainable investments for the purposes of the EU Disclosure Regulation. The taxonomy states that their minimum share is 5% of the fair value of the real estate belonging to the special fund. In determining the fair value mentioned above, project developments are included from the time of their completion and properties held by real estate companies are included in proportion to their ownership interest.

**Trading or offsetting emissions**

Commerzbank Aktiengesellschaft is a participant in the European Emissions Trading Scheme (EU ETS) and the UK Emissions Trading Scheme (UK ETS). It advises companies on the procurement of carbon emissions rights and on the associated risk management aspects, and helps to implement the resulting trading strategies. In addition, there is the option of voluntarily offsetting a company’s unavoidable carbon emissions with certificates from emission reduction projects. As a member of the World Bank’s Carbon Pricing Leadership Coalition (CPLC), the Bank also participates in the global debate on carbon pricing.

In equipment leasing, Commerz Real has started to anchor sustainability in its business via its subsidiary Commerz Real Mobilienleasing (CRML). CRML’s PRO Climate Lease also offers the option to support projects aimed at avoiding or absorbing CO₂ emissions in parallel with the financing business.

**Ensuring data security**

The protection of customer data and compliance with banking secrecy requirements are of the utmost importance in this era of increasing digitalisation. They are fundamental to the satisfaction of our customers and to trust within a long-term business relationship. That is why data security is a key issue for us in terms of responsible banking.

**Responding to cyber crime**

With the increasing digital networking of state, business and society, cyber security and resilience are becoming more and more important. Commerzbank scrutinises not only its own information, premises and IT systems, but also those of its customers and service providers, including any independent transport routes.

Cyber security is a strong driver of customer confidence and thus an important competitive factor. As part of the critical infrastructure, the financial industry is subject to enhanced legal requirements.

**Data security plays a key role in responsible banking**

We want to adequately address both this trend and future challenges relating to the management of cyber risks. Cyber and information security risks are managed by the Group division Group Risk Management – Cyber Risk & Information Security (GRM-CRIS), which reports to the Group Chief Information Security Officer. In addition to established security functions such as the Information Security Management System, the focus is on managing cyber risk appropriately and on strengthening Commerzbank’s cyber-resilience (including its information security incident management capabilities). To cover the human element, we also rely on our employees being highly security and risk-conscious. We promote this via a special, multi-award-winning information security awareness campaign. GRM-CRIS also addresses the interplay between cyber and information security risks and other types of risk relating to areas such as HR, procurement, BCM and physical security. Commerzbank Aktiengesellschaft is a founding member of the German Competence Centre against Cybercrime (G4C) association, which collaborates with the Federal Criminal Police Office. The association’s aim is to develop and optimise measures to counteract cyber crime in order to protect its members and their customers against damage.

mBank also attaches great importance to the security of its IT systems and the data they contain, deploying suitable organisational and technical solutions. Every employee of mBank in Poland is required to complete cyber security training once a year. The bank’s security department also includes a 24-hour security operations centre (SOC). Employees and customers can report all cyber security matters to the SOC, including identified incidents, attempted attacks and suspicious transactions. mBank also offers free support in the event of cyber incidents when customers have been victims of cyber crime.

**Ensuring data protection**

Commerzbank Aktiengesellschaft takes the protection of personal data very seriously and complies with the applicable data protection rules, in particular the provisions of the EU General Data Protection Regulation and the Group Data Protection Policy.
The purpose of this policy is to ensure a consistently high level of data protection in the Group and to respect the fundamental rights and freedoms of data subjects over the long term. It includes principles applicable Group-wide for the collection, processing, use and international transmission of personal data.

Making sparing, proportionate, necessary use of personal data only within the legally permissible limits is a right under the Charter of Fundamental Rights of the European Union, to which Commerzbank is expressly committed. This also includes processing only for a specific purpose and ensuring transparency towards and the provision of information to the data subject. Commerzbank also transfers personal data to third parties only if this is lawful and it is not apparent that there is a risk to the fundamental rights and freedoms of the data subject; this includes transfers of personal data to authorities. Personal data is deleted as soon as it is no longer required for business purposes and there is no other legitimate reason preventing deletion. We can demonstrate that we comply over time with the principles governing the processing of personal data.

Commerzbank investigates inquiries, complaints, requests for information and breaches of personal data protection without delay and keeps in close communication with the data subject, especially when there may be risks to their fundamental rights and freedoms. In addition, data subjects can contact Commerzbank's data protection officer at any time. To raise our employees' awareness of data privacy and data security issues and keep them informed, there are regular training sessions and mandatory educational programmes.

Commerzbank’s data protection officer is responsible for data protection management for the comdirect brand. Commerz Real has a central data protection officer and data protection coordinators in the departments. In Poland, mBank’s data protection officer and the associated team support the bank’s business units, based on the Personal Data Security Policy and the Policy for Personal Data Management over Time.

Given that the Bank has almost 11 million customers in Germany and around 5.7 million in Poland, the Czech Republic and Slovakia, plus around 26,000 corporate customer associations, groups, financial service providers and institutional customers worldwide, the number of data protection complaints was again comparatively low in 2022.

For example, the data protection officer of Commerzbank Aktiengesellschaft in Germany received 199 customer complaints in the year under review. In most cases, the complaint was that data had been put to unauthorised use or had become known to third parties.

**The efficient and holistic processing of data offers great opportunities**

**Using big data responsibly**

The use of big data and advanced analytics (BDAA) is of central strategic importance for Commerzbank. Efficient and holistic data processing offers great opportunities for all segments and Group divisions: as a basis for decision-making in the management of operational processes, for more detailed and faster analysis, and for improved service and cross-selling. In addition, BDAA provides methods for efficiently designing Group-wide models to calculate credit and operational risk as well as capital requirements, and to perform stress testing. This helps to ensure regulatory compliance and improve capital efficiency. To comply with the high data protection standards, Commerzbank Aktiengesellschaft works with pseudonymisation, anonymisation and micro-segmentation.

**Maintaining dialogue**

For us, product transparency and fairness towards our customers mean providing holistic and comprehensible advice on financial products, their risks and possible alternatives in accordance with long-term needs. This also includes documenting the advisory process in transparent fashion. In recent years, we have introduced new products and services with particular customer benefits. These include a green ecosystem, green mortgage loans and the new “money mate” investment solution.

All units of the Group get their customers actively involved. Experts communicate with customers through various channels to ensure that their ideas and suggestions are taken into account when developing products and services. The Commerzbank Aktiengesellschaft UX Studio supports this process with insights into users’ needs and expectations. UX stands for user experience, i.e. the customer’s experience before, during and after their use of a product.
In UX research studies, customers, non-customers and employees are involved at an early stage in the entire development process and in live operations to ensure offerings are customer-focused.

The comdirect brand carries out activities to foster customer loyalty that are based in part on the “comdirect community”, where customers and others with an interest in the financial markets can discuss products and other financial topics with the Bank.

Commerzbank Aktiengesellschaft’s Corporate Clients segment conducts regular customer surveys on specific topics in order to develop its range of products and services. This provides us with information on customer preferences and requirements, which can be used in the design of products and processes.

**The involvement of our customers is a guiding principle for our actions**

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

**Surveying target groups**

SME topics are at the heart of Commerzbank’s “Unternehmer-perspektiven” initiative (“Business Owners’ Views”). Once a year it surveys owners and top-level managers from companies of different sizes and from different industries. In 2022, 300 companies were surveyed for a study entitled “Wirtschaft im Umbruch: nachhaltig und digital” (“Economy in turmoil: sustainable and digital”) about the status of their sustainability implementation in the face of the multiple crises that are currently occurring. In addition, the study provides answers to questions on how companies are dealing with data today and the role played by digital ethics in this. The results also show the opportunities associated with digitalisation, and which digital technologies are relevant for corporate customers today and going forward.

In the business owners’ study, Commerzbank Aktiengesellschaft surveys 2,500 companies from across Germany with annual sales of up to €15m. They include freelancers, self-employed people, tradespeople, and small and medium-sized enterprises. Some are customers of Commerzbank, while others bank elsewhere. The 2022 study was on the topic of cyber security. The results show that the companies surveyed consider this to be a very important issue. Around two in five companies in Germany have already been the victim of a cyber attack, with nearly one in five affected companies suffering losses as a result of the attack. Nevertheless, the vast majority of companies feel they are well-positioned when it comes to cyber security.

**Improving advisory services**

With the amendment of the MiFID II Directive as part of the EU Action Plan on Financing Sustainable Growth, it became mandatory in August 2022 to ask about sustainability preferences when providing investment advisory and financial portfolio management services. Our investment advisory teams received intensive training on this topic. As part of the fact-finding stage, we educate customers about the three sustainability standards defined in the guideline and ask about their sustainability preferences. Where they have a sustainability preference, customers subsequently decide on the share of their investments to be put into sustainable assets. The advisory universe in the Private and Small-Business Customers segment comprises some 500 financial instruments that meet at least one of the sustainability standards defined by MiFID II.

**Some 500 financial instruments in the Private and Corporate Clients segment meet at least one of the sustainability standards defined by MiFID-2**

Commerzbank Aktiengesellschaft is building up a green ecosystem for sustainability-related issues that lie outside our core competencies. The Bank’s expert cooperation partners provide support in the form of consulting services, for example determining a company’s carbon footprint, developing a specific sustainability strategy, or identifying and managing climate risks. In this way, we have already been able to help many customers since the programme was launched at the start of 2022.

To make Commerzbank’s products and services available to all interested parties, we also go to great lengths to ensure that our branches and online offering are fully accessible. Around two-thirds of our branches are accessible at ground level. We strive to ensure accessibility for all user groups where possible whenever we renovate a branch or install an ATM. For dispensing cash, all of Commerzbank Aktiengesellschaft’s ATMs have a read-aloud function for visually impaired people. Further information on our efforts to be inclusive, including towards our employees, can be found under “Driving inclusion”.

Private customers can use a CO₂ calculator in the banking app to work out their personal carbon footprint based on a questionnaire about their mobility and consumption habits and living situation. This application is supplemented by information on sustainable lifestyles and sustainable product offerings from Commerzbank.
5. Leading by example

As a company, we have a responsibility towards the environment and society. That is why we not only want to support our customers in their transformations, but also to set a good example ourselves. We will achieve this, among other ways, by continuously reducing our environmental footprint. At the same time we want to be a reliable partner for our stakeholders, and our actions are guided by ethical values such as integrity and fairness. In addition, we take our responsibility as an employer seriously and promote diversity and equal opportunities in practice. Lastly, we positively influence our environment through our voluntary commitment to charitable causes and our foundations.

Reducing operational emissions

Commerzbank Aktiengesellschaft has had an ISO 14001-certified environmental management system in place ever since 2009. In 2015, we added an energy management system certified to ISO 50001, establishing an integrated environmental and energy management system (iUEMS).

This defines the responsibilities, behaviour, processes and specifications for the implementation of the operational environmental and energy policy and documents them in a structured manner. The focus is on optimising resource consumption, particularly where we can have a direct impact on the environment, such as in building management and business trips.

The focus is on optimizing resource consumption, especially where our actions can have a direct impact on the environment.

First and foremost, the iUEMS serves to continuously improve our own environmental and energy performance. At the same time, it helps minimise risk: by regularly observing and checking the current situation, any need for action can be identified at an early stage and preventive measures can be taken. This integrated management system forms an ideal basis for ensuring the business has a sustainable orientation.

We can achieve savings in our operational emissions through efficient and sustainable building management in particular, and we are taking various measures to achieve this. These include gradually replacing conventional light sources with LEDs since 2017, making a significant contribution to energy saving.

We continuously review the energy efficiency of our buildings using defined energy performance indicators. We have succeeded in reducing the electricity consumption measure for the space we lease in the Lateral Towers from 104kWh/m² in 2018 to 72kWh/m² in 2022. Following this positive experience, we have also put such software into operation at other sites and are continuously examining implementation in further buildings.

In addition, special attention is paid to making travel activities as environmentally friendly as possible and thus preventing CO₂ emissions. The business travel policy therefore envisages rail as the preferred means of transport. This also means avoiding air travel wherever possible. The Bank subsidises electric vehicles in its car leasing schemes. In addition, Commerzbank pays its employees in Germany a monthly mobility allowance of €20 for commuting by public transport and provides support for another climate-friendly alternative via cycling initiatives.

Key figure: In 2022, Commerzbank Aktiengesellschaft generated 78,402 tonnes of CO₂-equivalent total emissions.

This is slightly higher than in 2021, which was heavily impacted by coronavirus measures, but well below the emissions of previous years. The reasons for this include technical adaptations for energy efficiency in building management and changes in occupational mobility, as well as site closures and job reductions over the past two years. These measures will continue to have an effect even after the coronavirus restrictions have come to an end. We had set ourselves the goal of reducing our greenhouse gas emissions by 30% by 2025 (relative to the base year 2018). We in fact achieved this goal in 2022, with our CO₂-equivalent emissions of 78,402 tonnes equating to a decrease of 34.9%.

Achieving our 2025 climate target early motivates us to define a new, medium-term climate target as the next step towards our commitment of net zero by 2040.
We have been offsetting Commerzbank Aktiengesellschaft’s currently unavoidable emissions in Germany since 2015, and globally since 2021. The Bank thus operates in a mathematically climate-neutral manner.

**Operational CO₂ emissions of Commerzbank Aktiengesellschaft**

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
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<tbody>
<tr>
<td></td>
<td>Tonnes CO₂ equivalents</td>
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<tr>
<td><strong>Scope 1</strong></td>
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<td></td>
<td>20,091</td>
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<td><strong>Scope 2 location-based</strong></td>
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<tr>
<td></td>
<td>54,448</td>
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<tr>
<td><strong>Scope 2 market-based</strong></td>
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<td></td>
<td>8,239</td>
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<td><strong>Scope 3</strong></td>
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<td>38,890</td>
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<tr>
<td><strong>Total</strong></td>
<td>67,220</td>
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</tbody>
</table>

The table shows the CO₂ emissions of Commerzbank Aktiengesellschaft according to the global categorisation by the Greenhouse Gas (GHG) Protocol. Scope 1 designates the emissions caused directly, for example through the consumption of natural gas, heating oil or fuel. Scope 2 refers to emissions from purchased energy. These can be calculated based on either the energy mix actually purchased (“market-based”) or the statistical country mix (“location-based”). We use market-based scope 2 emissions to calculate our total emissions. Scope 3 captures other indirect emissions from the upstream and downstream value chain. These include paper and water consumption, business travel and commuting, and other emissions from energy supply. The indirect emissions from our financial products (“financed emissions”) are not included in the calculation of the operational CO₂ footprint.

Commerzbank determines its greenhouse gas emissions on the basis of the standard developed by the Association for Environmental Management and Sustainability in Financial Institutions (VfU). This is based on international guidelines for environmental and climate reporting, such as the Greenhouse Gas Protocol, CDP and the Global Reporting Initiative. Emissions are calculated as CO₂ equivalents.

**Embodying collegiality**

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

The ongoing implementation of the Bank’s current restructuring will continue to entail job losses. To this end, Commerzbank Aktiengesellschaft agreed a framework social plan with the employee representatives at the end of 2021, with the aim of achieving fair job reductions that are as socially responsible as possible. In the year under review, we successfully pushed ahead with the headcount reductions required under the transformation. The vast majority of employees who departed the Bank did so under retirement arrangements. In addition, many employees were able to find new prospects with the support of new placement consulting. The Bank is working very hard to complete the remaining headcount reductions as quickly as possible and in a socially responsible manner.

The focus on digitalisation means that in certain areas we increasingly need different skillsets and job profiles than we did in the past. That is why we are positioning ourselves accordingly for this target group in order to attract suitable experts. At the same time, it is important to counteract demographic change. Initiatives to ensure that the Bank has a healthy pipeline of future talent are firmly embedded in the HR strategy: our extensive training offering, innovative learning programmes and the opportunity to pursue many different development paths should make the Bank attractive for talented young people.

We treat our employees fairly and responsibly

**Developing employees**

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

We are also shaping the increasingly digital working world within the Group through changes in work structures: mobile technical applications, agile working, and flexible workplaces and working hours are just a few of the keywords in this context. Commerz Real, for example, offers a model in which employees can choose between variable working hours and trust-based flexitime. It also attaches great importance to the ongoing training of its employees. Virtual formats such as the Sustainability Session and Digi Sessions are a platform for cross-disciplinary presentation and discussion of topics such as sustainability and digitalisation in the real estate and renewable energy sectors and in equipment leasing. The “Lernzeit+” (Learning Time+) model was added in 2022 and allows all employees to devote up to 12 hours of their working time per quarter to continuing education or training opportunities of their choice.

Maintaining health

Health is the basis for a properly functioning organisation and workforce alike. That makes strategic health management another key element in Commerzbank Aktiengesellschaft’s HR activities. 2022 was once again affected by the coronavirus pandemic, and Commerzbank was not alone in facing the major challenge of reconciling employee health protection with operational requirements. A hygiene and social distancing concept was established and kept regularly updated, and opportunities for remote working were extended.

However, demands in the world of work are also changing independently of coronavirus. We want to empower employees and managers to deal with this change under their own responsibility and in a way that promotes health. To this end, we offer them a wide range of preventive measures such as professional advisory and information services, for instance on how to deal with stress. The employee offering includes a wide array of flexible formats, such as webinars, audio formats and video consultations with company doctors and with Employee Assistance Programme advisors.

Employees of Commerzbank and participating (domestic) subsidiaries can also use the self-service facility to book appointments for consultations and advisory sessions. As part of the Sustainability Report in accordance with the Global Reporting Initiative (GRI Report), we provide detailed information on personnel-related topics.

The same applies to Commerz Real. As part of its commitment to its employees’ health and satisfaction, the company both develops its own concepts and implements measures in cooperation with the parent company. In 2022, Commerz Real began rolling out the new “Com.Work” office concept across the board. Employees can get involved in redesigning the office space. In addition to offices that can be booked flexibly, spaces are also being created for intensive video calls, interaction or relaxation, for example.

mBank employees are also receiving support during the coronavirus pandemic. A hybrid model combining home and on-site working was put in place in May 2022. Hybrid working is implemented according to the specific circumstances in sales and contracts units, in operations and in IT. It combines the advantages of office work and working from home and allows the best workplace to be chosen based on the specific tasks to be done. mBank has also launched the “Energised for Health” advice programme. This includes courses and training to help employees cope with stress and pressure.

Promoting diversity and equal opportunities

A working environment that is free from prejudice, typified by mutual respect and acceptance is essential for an atmosphere where everyone is able to thrive. We do not tolerate discrimination at Commerzbank. Any form of unfavourable treatment of people based on their gender, nationality, ethnic origin, religion or beliefs, disability, age, sexual orientation or gender identity constitutes a violation of human dignity and infringement of personal rights.
HR geared to different phases of life

For more than three decades, our Diversity Management unit has been working to achieve an open and fair environment throughout the Group in which everyone feels appreciated. The focus is on the different perspectives and talents that our employees bring. Globally, the Group employs people from 120 nations. Their diverse origins vitalise and enrich interactions. Differences in viewpoint and experience lead to new ideas. Avoiding pay discrimination is a key concern for us, so all the Bank’s remuneration components and other benefits are designed to be gender-neutral and transparent.

Like its parent company, Commerz Real is a signatory to the Diversity Charter. As a result, employee awareness of the issues of diversity and inclusion is raised through presentations, and human resources processes are checked to determine whether they ensure equal opportunities and diversity. In Poland, too, mBank is further developing its Diversity and Inclusion Policy and is a signatory to the Diversity Charter of the Responsible Business Forum. The Diversity and Inclusion Policy not only summarises mBank’s efforts to date, but is also as a key component of the strategy for the coming years, in keeping with the ESG social responsibility goals.

Since 2022, all employees have completed e-learning courses on the topics of diversity and inclusion. In January 2022, mBank was for the second time listed in the global Bloomberg Gender Equality Index, which tracks the performance of public companies that actively promote gender equality in their working environment.

mBank is also included on the “Diversity IN Check” list for 2022. This is published by the Responsible Business Forum and recognises the employers in Poland who are setting the bar in their management of diversity and inclusion.

People from 120 nations are employed at the Commerzbank Group worldwide

Work-life balance

Alongside professional development, work-life balance is an important aspect of remaining attractive as a business. Within Commerzbank Aktiengesellschaft, this balance is ensured by concepts for different stages of life with specific offerings, such as flexible working time models, sabbaticals and programmes to facilitate the return to work after parental leave. We also offer advisory and support services relating to childcare, home care and care for the elderly through pme Familienservice. With an ageing workforce, taking care of relatives is becoming increasingly important. As a result, there is higher demand for our care-related workshops and advisory services. Gruner + Jahr Verlag once again recognised our engagement in 2022 by naming us one of the best employers for women.

In 2022, we agreed with the Works Council that we would continue and expand the working from home arrangements in Germany even after the coronavirus measures have been lifted. Provided that remote working is feasible from an operational perspective, branch employees can work remotely for up to 50% of their working hours; at headquarters and in the digital consulting centres, the figure is as high as 70%. In addition to the positive experiences with flexible working during the coronavirus pandemic, the overriding factor that persuaded us to take this step was the clear desire of the workforce for greater flexibility in where they work.
Although a small majority of Commerzbank staff are female (around 51%), women are not yet represented at management level to the same extent. For this reason, in recent years the measures designed to promote a good work-life balance have been further improved to open up fresh career opportunities for women in particular. These include company childcare, innovative part-time models – including for managers – and structured return-to-work options to prevent careers from stalling.

These measures have enabled Commerzbank to increase the proportion of women in leadership positions to more than 30% Group-wide over the past few years. Our Board of Managing Directors has set a new goal of 40% across all management levels (management levels 1–4 and level-5 project managers) by the end of 2030. All divisions of Commerzbank Aktiengesellschaft are explicitly tasked with actively approaching suitable female employees during the recruitment process. The Bank therefore launched dedicated projects in 2022, putting diversity and inclusion on the strategic issues agenda. For example, one Risk Management initiative focused on equality, mental health and internationalism under the banner “Colourful Group Risk Management”. Group Services also celebrated the lived diversity of its workforce through the “COO.bunt” (COO.colourful) campaign. The aim is to further increase the proportion of female candidates for management positions when filling new positions. That is why the task of identifying, retaining and developing talent and high performers has been written into the HR strategy guidelines. In addition, all areas within the Board of Managing Directors have set their own equality targets, which together add up to a target of 40% of management positions held by women by 2030.

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

### Driving inclusion

The inclusion of people with disabilities is another part of our diversity strategy. Barrier-free access to the workplace and to working tools is just as high a priority as the implementation of accessibility in our digital offerings for customers. Commerzbank Aktiengesellschaft has consistently exceeded the statutory requirement of 5% employees with disabilities in recent years. We met this quota again in 2022 (5.9%).

We are now devoting more attention to the next generation: in 2022 we advertised for the first time on myAbility, a job platform for people with disabilities that aims to further promote diversity and inclusion.

### Treating each other with respect

Commerzbank Aktiengesellschaft is committed to an open approach in respect of the sexual orientation and gender identity of its staff, customers and business contacts. This is achieved through education and various formats for dialogue, such as digital events and communication about queer people. Formats covering the topics of coming out, subconscious reservations and overarching diversity issues such as families and cross-cultural understanding are particularly popular with employees. These are also regularly attended by members of the Board of Managing Directors and executives.

We want to embrace diversity in our language as well, so we decided in April 2022 to launch a one-year pilot with a recommendation on inclusive language. We are initially gathering experience with this recommendation in internal publications, with the aim of communicating in a more accessible, value-neutral and gender-sensitive manner.

Through publication of the “Prout Performer” lists, the Prout@Work Foundation recognises individuals from business and public life who stand up for the interests of lesbian, gay, bisexual, trans, inter and queer people and become role models. Ten Commerzbank employees received awards in the year under review.
The topic of diversity was also addressed in public initiatives. This included, for example, the #theLworksout campaign initiated by the ARCO employee network to mark Lesbian Visibility Day. Like the Commerzbank campaign #togetHERstronger, this was one of the finalists for the German Business Communication Award.

**Diversity plays a key role 365 days a year**

Commerzbank takes a clear stance in public too and underlines this with visuals following the motto “We live diversity 365 days a year”. As in the previous year, the Commerzbank Tower was lit up to celebrate Pride, and colourful versions of the Bank’s logo appeared in digital channels and applications.

**Ensuring integrity and compliance**

Integrity is the basis of our business model. We act in an attentive, trust-worthy and reliable manner. The globally binding Code of Conduct was updated in the first quarter of 2022 and summarises our understanding of impeccable ethical and moral behaviour. It goes beyond legal and regulatory requirements and sets standards for Commerzbank Group employees and service providers.

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

**Managing compliance risks**

As a proactive risk manager, Group Compliance manages compliance risk throughout the Group and thus lays the foundation for compliance with laws, ethical standards and regulations. Our goal is to effectively manage compliance risks and identify them at an early stage before they materialise. Compliance risks are identified and managed across all compliance risk types as part of the compliance programme that has been put in place and is continuously refined. Components of the programme include a regular Group-wide compliance risk analysis, internal safeguards, and controls to assess the adequacy and effectiveness of the compliance management system.

In order to satisfy the requirements of increasingly complex national and international legislation and regulations, the Group is continually developing its compliance risk management and bringing this in line with current developments and challenges.

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.

**Group Compliance lays the foundation for the compliance with laws, ethical standards and regulations**

Within Commerzbank, the principles of the “three lines of defence model” are also being introduced in this area as part of risk management, to identify, prevent and remedy risks and breaches in supply chains. A comprehensive compliance programme is being set up to ensure that the requirements are met. Group Compliance will act as the second line of defence, the “global functional lead”, in which capacity it will define minimum Group-wide standards for the Bank.
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.

**Fighting corruption effectively**

In our fight against corruption and bribery, we go further than simply focusing on statutory requirements such as the German Criminal Code, the UK Bribery Act or the US Foreign Corrupt Practices Act. We also adhere to the principles of the UN Global Compact and the OECD’s Guidelines for Multinational Enterprises, and comply with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. These external standards are supplemented with internal guidelines, which are reviewed at least annually and updated as needed: Commerzbank’s Global Anti-Bribery and Corruption Policy (ABC Policy) actively seeks to combat bribery and other forms of corruption.

To this end, we conduct regular training sessions for our employees so that they can implement our guidelines competently and consistently. A central element of this is the annual anti-corruption training for all employees. Business and functional units with heightened risk profiles and individuals who have an increased risk of bribery and corruption due to their functions at Commerzbank Aktiengesellschaft receive additional targeted training. A team with special training in this type of risk is available to provide advice to all employees. Commerzbank has a zero-tolerance approach to corruption and other criminal acts by employees. Any employee who is proven to have breached this will face the full consequences under labour, civil and criminal law.

Key figure: As in previous years, there were no known cases of corruption in the Commerzbank Group in 2022.

**Working for the good of society**

With regard to its social commitment, Commerzbank engages with its environment in a variety of ways. Various projects and initiatives developed together with partners from business and society contribute to the good of society. Commerzbank Aktiengesellschaft also donated a total of €632,471 to various institutions and organisations in the year under review.

The war in Ukraine was a source of great concern at Commerzbank, among employees and customers alike. In order to help people on the ground quickly and unbureaucratically, Commerzbank undertook a major fundraising campaign. The Board of Managing Directors of Commerzbank decided to provide €200,000 of emergency aid, which went to Caritas International and an aid campaign run by the city of Leipzig, which is twinned with Kyiv. Customers and employees also made substantial donations to these campaigns.

One example of our social and environmental engagement is the Commerzbank environmental internship launched with the German national parks back in 1990. Each year, it provides up to 75 students with practical experience in the areas of environmental education and public relations in the natural landscapes of the country’s national parks. Commerzbank organises and finances the environmental internship programme, while the national parks provide the subject matter expertise. Since the programme began, more than 1,900 students have participated and subsequently applied their experience to business, politics, society or environmental protection.
In 2022, mBank was for the fifth time the exclusive bank partner and sponsor of the Great Orchestra of Christmas Charity Foundation (GOCC). Via its customers, mBank has raised a total of more than €19m (PLN 90m) for the initiatives supported by the GOCC Grand Finale over the last five years.

The war in Ukraine is a constant presence, especially in neighbouring Poland, with the two countries sharing more than just a 530km border. As a result, the people of Ukraine were the focus of mBank’s social commitment in 2022. Among other actions, mBank joined the Polish Centre for International Aid (PCPM) fundraising campaign in March 2022, enabling customers to donate money to help people fleeing the war. mBank’s customers gave almost €3m (PLN 13.8m) via the campaign in 2022. The PCPM uses these donations, among other things, to provide humanitarian aid to Ukrainians still in their home country or who have sought refuge in Poland.

In cooperation with PCPM, mBank has also set up an educational and creative centre for Ukrainian mothers and children in the mBank building in central Warsaw. The former office now offers dance classes, sports courses, art classes and book reading sessions for children. Children can also receive psychological and speech therapy there, while psychological support and careers counselling are also available for their mothers. Alongside the school, parts of the office building were converted into temporary accommodation for about 60 refugees between March and December 2022.

In April 2022, mBank introduced a personal account for Ukrainian citizens with an expedited account opening procedure. There is no charge for the account or the associated card. The bank also plans to set up a special hotline for these customers, staffed by Ukrainian-speaking specialists.

Foundations for the future
Various foundations supported by the Group over the long term also make a significant contribution to society. As a corporate foundation, the Commerzbank Foundation promotes the social responsibility of its founding company to work towards a society fit for the future. Its motto is: participation creates the future. With its independent foundation, Commerzbank takes responsibility for its sustainable commitment to be a “good citizen” of the community that goes beyond its actual business activities.
Since its establishment in 1970, the Commerzbank Foundation has built up many sustainable partnerships across Germany and has thus become a firmly established provider of support in the world of German foundations. In its more than 50-year history, it has provided a total of around €40m to support well over 1,000 projects relating to cultural, social and scientific activities. Its partnership network ranges from museums and theatres to non-profit social organisations and scientific institutions, from national lighthouse projects to exemplary local initiatives.

The funding always supports cultural education and mediation, social participation for disadvantaged people and incentives for young researchers. In addition, seven social foundations have been established to provide financial support to the Bank’s employees and retirees in unforeseeable emergencies. The common aim of all the foundations is to make a long-term and sustainable contribution to the future viability of society. Commerzbank Aktiengesellschaft provided a total of €596,000 in funding for these foundations in 2022, covering expenses such as staff, workstations, premises costs and other operating costs.

Commerzbank supported these social foundations in 2022 with a total of €596,000.

The mFoundation in Poland focuses on education and supports children, parents, teaching staff, students and young academics with several funding programmes. In 2022, this included programmes for schools and nursery schools and a competition for the best academic thesis in mathematics. mFoundation also published its fifth book – “Maths in green” – in 2022. The book combines mathematics with environmentalism. Young artists are another focal point of support. Through its “M wie Malerei” (“P for Painting”) fund, the bank buys paintings by up-and-coming Polish artists. These artworks are selected on behalf of mBank by a committee of highly regarded representatives of the art market and a representative of mBank. By the end of 2022, the collection consisted of nearly 100 works of art.
Composition of the €300 billion target

<table>
<thead>
<tr>
<th>Sustainable products</th>
<th>Allocation to the EUR 300 billion volume target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products in the Private and Small-Business Customers segment</strong></td>
<td></td>
</tr>
<tr>
<td>Green mortgage loans</td>
<td>Commerzbank includes the entire portfolio of green mortgage loans in its sustainable business portfolio.</td>
</tr>
<tr>
<td>KfW programmes for private and small-business customers</td>
<td>Commerzbank includes the entire stock of credit lines granted in these products in the sustainable business portfolio. In addition, future programmes with clear environmental benefits are included in the calculation from the time they become available.</td>
</tr>
<tr>
<td>Commercial CBU (Commerzbank Universal Credit) with a sustainability-oriented purpose</td>
<td>Commerzbank includes the entire portfolio of commercial universal loans with a sustainability-oriented purpose in the sustainable business portfolio.</td>
</tr>
<tr>
<td>Sustainable asset management</td>
<td>The assets managed in Commerzbank’s sustainable asset management are deemed to be entirely sustainable assets.</td>
</tr>
<tr>
<td>Securities advisory</td>
<td>All assets under management in the categories “Article 8 product” and “Article 9 product” according to the EU disclosure Regulation are considered sustainable products at Commerzbank.</td>
</tr>
<tr>
<td>klimaVest</td>
<td>Commerzbank includes the entire volume of the fund in the portfolio of sustainable products, minus the volume held in Commerzbank portfolios, in order to avoid double counting with the securities advisory category.</td>
</tr>
<tr>
<td>hausInvest</td>
<td>Commerzbank calculates the total volume of the fund as the volume of sustainable products, minus the volume held in Commerzbank depositories, in order to avoid double counting with the securities advisory category.</td>
</tr>
<tr>
<td>Provisions</td>
<td>These are provisions in accordance with Allianz’s sustainable investment strategy. Commerzbank includes the respective new business volume in the sustainable business volume.</td>
</tr>
<tr>
<td>Securities business comdirect and onvista</td>
<td>The volume of products defined as ESG products in accordance with the EU Disclosure Regulation is added to the sustainable business portfolio (assets under management).</td>
</tr>
<tr>
<td><strong>Products in the Corporate Clients segment</strong></td>
<td></td>
</tr>
<tr>
<td>Financing of renewable energies</td>
<td>Commerzbank includes all financing commitments from the CoC Energy in its sustainable business volume.</td>
</tr>
<tr>
<td>Sustainable bonds</td>
<td>Commerzbank allocates the total volume of sustainable bonds in whose issue it was involved as a lead in the respective financial year to the sustainable business volume of that financial year.</td>
</tr>
<tr>
<td>ESG-/Sustainability-linked loans and promissory note loans</td>
<td>Commerzbank includes the total volume of these products, in the coordination, structuring, and syndication or placement of which it played a leading role in the respective financial year or in which it was involved, in the sustainable business portfolio of this financial year.</td>
</tr>
<tr>
<td>Public funding programmes for corporate clients</td>
<td>Commerzbank includes the respective volume of new business in the sustainable business portfolio. In addition, future programmes with clear environmental benefits are included in the calculation from the time they become available.</td>
</tr>
<tr>
<td>Investment management</td>
<td>For the securities business, Commerzbank has made a classification in line with the EU Disclosure Regulation, which is described in more detail in the ESG Framework. In the Corporate Clients segment, all portfolio items in the “ESG products” and “ESG impact products” categories are also considered sustainable products. In addition, the sustainable business portfolio also includes investments brokered by the Corporate Clients segment in cooperation with external asset managers (e.g. special funds) and investments in companies pursuing a recognised sustainable strategy.</td>
</tr>
<tr>
<td>Foreign trade finance</td>
<td>The applicable criteria to which parts of Trade Finance transactions are allocated to sustainable business volume are based on the sustainable use of proceeds of bilateral loans (see Sustainable loans and promissory note loans).</td>
</tr>
</tbody>
</table>

1 Only trade finance products for which a loan amount is actually extended, e.g. pre-export or post-import financing, are included in the sustainable business portfolio.

2 Further information and explanations on the individual products can be found in the ESG framework on our website.
## TCFD recommendations in the non-financial report

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Statement</th>
<th>Reference</th>
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</thead>
</table>
| **Governance** | • Disclose the organisation’s governance around climate-related risks and opportunities | Commerzbank has a comprehensive sustainability governance setup. The Group Sustainability Board, which is a decision-making and escalation body chaired by the Chairman of the Board of Managing Directors, sets the Bank’s strategic sustainability targets and monitors the measures for their implementation and management. Group Sustainability Management is responsible for the ongoing development of the sustainability strategy and coordinates all of Commerzbank’s sustainability activities through the Group programme “Sustainability 360°”. | • Anchoring sustainability in our strategy: Governance structure expanded  
• Anchoring sustainability in our strategy: Pursuing net zero target  
• Responsible management: Making our stance clear |
| **Strategy** | • Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s business activity, strategy and financial planning, where such information is material | As part of a new materiality analysis, nine topics – including climate protection and adaptation in particular – were identified as material for us and incorporated into the annual Bank-wide strategy process in 2022. Our net zero commitment forms the core of our sustainability strategy, which was approved by the Board of Managing Directors and published in the ESG framework. This strategy is subdivided into "transformation finance" and "sustainable finance" and defines exclusion criteria and minimum standards. | • Anchoring sustainability in our strategy: Key issues analysed  
• Responsible management: Making our stance clear  
• Anchoring sustainability in our strategy: Pursuing net zero target  
• Responsible management: Managing climate risks: Managing climate and biodiversity risks |
| **Risk management** | • Disclose how the organisation identifies, assesses, and manages climate-related risks | A cross-risk-type materiality analysis for climate risks that considers both transition and physical risks confirms our classification that climate risks should not be considered a separate risk type, but rather a horizontal material risk. The individual risk assessment for lending also includes scenario and risk analyses of impact and resilience with regard to climate risks. | • Responsible management: Managing climate and biodiversity risks |
| **Metrics and targets** | • Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material | By 2050, we aim to reduce the CO₂ emissions from our entire lending and investment portfolio to net zero using science-based CO₂ reduction targets from the Science Based Targets initiative (SBTi). As part of these efforts, we published our portfolio intensities in emissions-intensive sectors for the first time in 2022 and had them validated by SBTi. We aim to mobilise €300bn for sustainable financial products by 2025 and have already achieved €246.5bn of this amount. | • Anchoring sustainability in our strategy: Pursuing net zero target  
• Responsible management: Reducing financed emissions  
• Supporting the customer transformation: Sustainable financing  
• Leading by example: Reducing operational emissions |
Limited Assurance Report of the Independent Auditor

To Commerzbank AG,
Frankfurt/Main

We have performed a limited assurance engagement of the consolidated non-financial statement of Commerzbank AG, Frankfurt am Main (hereinafter “company”) and the parent company’s non-financial statement, which is combined with it, which are published in the form of a separate report outside the management report (hereinafter "combined separate non-financial report") for the period from 1 January 2022 to 31 December 2022.

Responsibilities of Management

Management of the parent company is responsible for the preparation of the combined separate non-financial report in accordance with Sections 340i (5) in conjunction with Sections 315c in conjunction with 289e HGB ("Handelsgesetzbuch": German Commercial Code) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section “Incorporating EU taxonomy” of the combined separate non-financial report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances.

Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined separate non-financial report that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section “Incorporating EU taxonomy” of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner’s firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Responsibilities of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

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1 Our engagement applied to the German version of combined separate non-financial report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.
We conducted our assurance engagement in the form of a limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's combined separate non-financial report, other than the external sources of documentation or expert opinions mentioned in the combined separate non-financial report, are not prepared, in all material respects, in accordance with Sections 340i (5) in conjunction with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section “Incorporating EU taxonomy” of the combined separate non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain of an understanding of the structure of the Group’s sustainability organisation and stakeholder involvement
- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Commerzbank AG
- A risk analysis, including a media research, to identify relevant information on Commerzbank AG’s sustainability performance in the reporting period
- Identification of likely risks of material misstatement in the combined separate non-financial report
- Inquiries of relevant employees involved in the preparation of the combined separate non-financial report about the preparation process and about the internal control system related to this process
- Reviewing the suitability of internally developed Reporting Criteria
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combatting corruption and bribery
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the combined separate non-financial report
- Inspection of selected internal and external documents
- Evaluation of the presentation of the combined separate non-financial report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

**Assurance Opinion**

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of Commerzbank AG for the period from 1 January 2022 to 31 December 2022 has not been prepared, in all material respects, in accordance with Sections 340i (5) in conjunction with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section “Incorporating EU taxonomy” of the combined separate non-financial report.

**Restriction of Use**

This assurance report is solely addressed to Commerzbank AG.
Our assignment for Commerzbank AG and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Frankfurt/Main, 22 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Winner ppa. Seidel
Wirtschaftsprüfer
(German Public Auditor)