Nature and Climate Report 2024

Disclosure in accordance with TNFD and TCFD guidelines

Commerzbank AG

Table of contents

1. Introduction

In this introduction, we describe the basic framework of the report and address the general requirements of the TNFD and TCFD. In doing so, we explain how we identify and work on key sustainability issues.

2. Governance – Embracing our Responsibility Holistically

In the chapter "Governance" we describe the anchoring of the topics of climate and nature in our organizational structure, the distribution of responsibilities and the implementation of our measures.

3. Strategy – Embracing our Responsibility with Environmental Consciousness

The chapter "Strategy" describes our main opportunities, risks, impacts and dependencies related to the topics of nature and climate and how these affect our sustainability and business strategy.

4. Risk Management – Embracing our Responsibilty with Transparency

The chapter "Risk Management" describes in detail our approach to identifying our climate and environmental risks and the consideration of these in our business model.

5. Key Figures and Targets – Embracing our Responsibility with Ambition

In the chapter "Key Figures and Targets", we disclose the goals we are pursuing with regard to the protection of nature and climate – and the methods and metrics we use to make their implementation measurable.

Sustainability is both a responsibility and a key to our success

Why is Commerzbank committed to climate and nature protection?

We see the protection of nature and the climate as part of our responsibility. For us as a financial institution, this means not only maintaining a life-friendly environment but also ensuring the stability and resilience of our customers and thus our own business model. We are convinced that healthy ecosystems and stable climate conditions are fundamental prerequisites for long-term economic growth and social prosperity.

Our sustainability strategy and the associated goals are the cornerstone of our work. With the help of these goals, we set clear framework conditions for ourselves and our customers. Along this framework, we accompany our clients in their sustainable transformation, with the aim of achieving positive impacts on nature and climate while ensuring economic success.

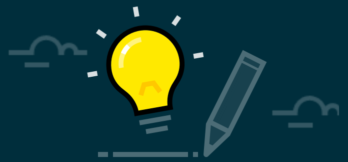
What is Commerzbank planning for the future?

Achieving our climate goals is our top priority and forms the foundation of our sustainability strategy. The transformation of our customers is an essential and central challenge that we deal with every day. Our ambition to achieve net-zero emissions both in our banking operations and in our portfolio requires innovative measures and methodologies, ongoing adaptations to new framework conditions and active dialogue with our customers and other relevant stakeholders.

In addition to our climate targets, we are also working to systematically integrate the protection of ecosystems and biodiversity into our sustainability strategy. With our policy to combat deforestation, we have already implemented the first targeted measures to avoid significant negative impacts.
We are proud of our milestones to date, which we disclose in this Nature and Climate Report. But we don't want to be satisfied with that yet. Rather, they are an incentive for us to better understand our impacts and risks, to develop further targeted measures and strategies, and to continue to drive sustainable transformation despite the existing challenges.

Bettina Storck
Chief Sustainability Officer (CSO)

responsible for Commerzbank's sustainability strategy since 2020. She was a member of the Sustainable Finance Advisory Board of the 20th legislative period and is active on the board of the Sustainable Finance Cluster.



Nature and climate protection are directly related

The consequences of climate change are becoming increasingly tangible, for example in the form of water shortages, heat waves, forest fires or floods. At the same time, the loss of biodiversity and healthy ecosystems continues to progress. Climate and nature conservation are therefore essential for the preservation of our livelihood.

However, these two challenges are not independent of each other. On the one hand, climate change and biodiversity loss have high and mutually reinforcing effects. On the other hand, there is also a great deal of overlap in the potential solutions. Therefore, we look at the two topics together and pursue a holistic sustainability strategy that includes various measures to protect nature and the climate. We see it as part of our responsibility to lead by example and at the same time actively support the transformation of our customers with sustainable solutions.

In this Nature and Climate Report, we combine these topics wherever appropriate and publish them independently of our overarching **Group Sustainability Report.** In our view, this is the sensible next step in doing justice to the dependencies of both challenges and at the same time giving them sufficient space.

This Nature and Climate Report is structured along the disclosure requirements of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). The focus of our analysis is on the direct activities of our customers financed by us and our own banking operations.

In the chapter on **Governance**, we describe how the two topics are anchored in our organizational structure, the distribution of responsibilities and the operationalization of our measures.

The **Strategy** chapter describes our main opportunities, risks, impacts and dependencies on the topics of nature and climate and the impact on our sustainability and business strategy.

In the **Risk Management** chapter, we go into detail about our approach to identifying our climate and environmental risks and how we incorporate them into our business model.

The chapter **Key Figures and Targets** discloses the goals we are pursuing with regard to the protection of nature and climate - and the methods and metrics we use to make their implementation measurable.

This Nature and Climate Report is intended to provide all interested parties with an overview of our efforts and successes to date. It describes our plans for the future and is intended to provide transparency about the challenges involved.

Transformation can only succeed through collaboration

Commerzbank is a member of various initiatives and organisations dedicated to protecting the climate and nature. This enables us to fall back on established market standards and actively shape their further development. In addition, the initiatives enable us to engage in continuous exchange with relevant stakeholders from the real economy, science, NGOs and the media. This promotes our own transformation and supports the development of joint solutions. Only with coordinated action and joint solutions we can master the challenges we face as a society. Our own progress is reflected in the key milestones that we have achieved since 1990.

A full list of our memberships can be found on our website.

- 1990: Start of the Commerzbank **Environmental Internship**
- 1992: UNEP Finance Initiative
- 2002: CDP – Disclosure Insight Action
- 2003: Foundation of the **Center of Competence Green Infrastructure Finance** (CoC GIF)
- 2006: VfU; UN Global Compact
- 2014: The Green Bond Principles
- 2015: Carbon Pricing Leadership Coalition; Start of **CO_2 offsetting** for banking operations
- 2019: UNEP Finance Initiative – Principles for Responsible Banking; Expansion of the product range to include **green construction financing**
- 2020: PRI – Principles for Responsible Investment; TCFD – Task Force on Climate-related Financial Disclosures; Science Based Targets – Driving ambitious corporate climate action; net-zero banking alliance
- 2022: Biodiversity in Good Company; Publication of the **ESG framework**
- 2023: TNFD – Taskforce on Nature-related Financial Disclosures; PCAF – Partnership for Carbon Accounting Financials
- 2025: Equator Principles

We approach sustainability from two perspectives

We look at nature and climate through the lens of "double materiality". This means that we analyse our dependencies, impacts, risks and opportunities from two different perspectives.

We call the first perspective "Save the Bank". This is about the dependencies of our business model on ecosystem services and natural capital.

We call the second perspective "Save the World". This is about the positive or negative impact that our business model has on ecosystem services and natural capital.

We consider both perspectives for our own banking operations and with regard to the financed activities of our customers. The dependencies on and effects on ecosystem services and natural capital result in a wide range of opportunities and risks for us at Commerzbank.

Save the Bank

Our **dependencies** on...
Ecosystem services and ecosystem components

For example...
Agriculture and food security: Through our financing of agricultural projects, we depend on healthy soils and a stable climate. Soil degradation or climate change can affect crop yields, which in turn jeopardizes loan repayments and our long-term relationships with customers in the agricultural sector.

Save the World

Our **impact** on...
Ecosystem services and ecosystem components

For example...
Use of natural ecosystems: By promoting and financing projects that use natural resources, we influence the integrity of natural ecosystems. This can lead to overexploitation of forests, waters and soils, threatening the habitats of many species and affecting the functionality of ecosystems.

Ecosystem Components

The stock of renewable and non-renewable natural resources on which our society depends. For example:

- Water
- Soils and sediments
- Atmosphere
- Animals & Plants
- Land & Ocean Geomorphology
- Minerals

Ecosystem services

The manifold benefits that natural ecosystems provide for our society. For example:

- Food supply: Plants and animals form the basis of our diet
- Energy production from biomass: Biomass offers diverse and sustainable possibilities for energy generation
- Pollination: Pollinators such as insects ensure fruiting and crop yields
- Water storage: Natural ecosystems store water and regulate the water cycle

We recognize that nature and climate bring both impacts, risks, and opportunities

The topics of nature and climate present economic opportunities for us as a bank but also entail numerous risks. To determine which of these aspects are of material importance to us, we conducted a comprehensive double materiality analysis in 2024 in accordance with the European Sustainability Reporting Standards (ESRS). The multi-step analysis process included a stakeholder survey. In this survey, relevant stakeholders assessed our risks, impacts, and opportunities based on defined criteria such as the extent of the impacts and the probability of occurrence of relevant events.

The identified material topics not only affect our own operations but also specifically our banking business in the downstream value chain. This includes positive and negative impacts on climate change, climate protection, biodiversity, and ecosystem health. A snapshot of the results can be seen in the table to the right. The full list of all material impacts, risks, and opportunities can be found in the Group Sustainability Report under Standard SBM-3.

The results of the materiality analysis form the basis for the future consideration of climate and nature in our business model and the formulation of clear objectives and actions. Additionally, they define the focus areas for this report.

		Climate change mitigation	Biodiversity and State of ecosystems
Banking business	Positive Impact		
	Negative Impact		
	Risk		
	Chances		Not material
Operations	Positive Impact		Not material
	Negative Impact	Not material	Not material
	Risk	Not material	Not material
	Chances	Not material	Not material

Topic identified as material

Our Sustainability Governance

Embracing our Responsibility Holistically

For us, sustainability governance is more than just meeting legal requirements: it means taking responsibility in our daily actions. To ensure this and drive our sustainable transformation, we have developed an inclusive and comprehensive sustainability governance system that runs through all areas of our company.

→

Sustainability is deeply integrated

At Commerzbank, we have established a comprehensive governance system that ensures that climate and nature protection are integrated, considered and monitored in all of the bank's key business areas.

Our **Board of Managing Directors** develops the strategy for the Commerzbank Group, discusses it with the Supervisory Board and ensures its implementation. Sustainability issues are included in the annual strategy process for the bank's overall strategy and are discussed at Board meetings as required. Each member of the Board of Managing Directors is responsible for implementing sustainability measures in his or her area.

The **Supervisory Board** advises and monitors the Executive Board on sustainability issues, among other things. To take account of the increasing importance of sustainability for Commerzbank, the Supervisory Board established the Sustainability, Social and Good Governance **(ESG) Committee** in 2022. Together with the Audit Committee, it examines whether the management is complying with the economically viable and sustainable development of the company and follows the principles of good and responsible corporate governance. Additionally, the ESG Committee advises the Executive Board on sustainability issues. Both bodies are part of our materiality analysis under the CSRD to assess the potential impacts, risks, and opportunities of Commerzbank.

Sustainability governance at Commerzbank

We manage nature and climate protection holistically

Under the leadership of the Chairwoman of the Board of Managing Directors and with the participation of other members of the Board of Management and divisional board members, the **Group Sustainability Board (GSB)** is the highest body for sustainability issues at Commerzbank.

As a cross-divisional decision-making and escalation body, the GSB enables the sustainable orientation and holistic management of the business model in the context of sustainability: The committee defines the bank's strategic sustainability goals and monitors the measures for their implementation and management. In addition, the divisions and segments regularly report on the progress of their sustainability activities and the implementation of regulatory sustainability requirements.

Good to know

In the 2024 financial year, the GSB discussed and decided on various current sustainability topics and targets. These included, for example, the target of net-zero emissions in banking operations by 2040. The discussions covered both already initiated and potential future measures to reduce emissions. In addition, the control mechanisms established by the bank to reduce emissions of the loan portfolio were reviewed. On the topic of biodiversity, the progress made in the Bank's environmental risk management was highlighted.

With the establishment of the Group Sustainability Board, the cross-cutting issue of sustainability is firmly anchored in the organization.

Group Sustainability Management as an overarching, central sustainability unit with a direct reporting line to the Chairwoman of the Board of Management underlines the important strategic priority of the topic. The unit coordinates the Group's sustainability activities and is responsible for the further development of the sustainability strategy. It also acts as a standard-setter for compliance with all key sustainability requirements and is responsible for the methodology and monitoring of sustainability-related performance indicators. One of the goals of the Group Sustainability Management unit is to establish comprehensive governance in addition to a holistic and long-term sustainability strategy and thus further advance internal networking on the topic.

Group Sustainability Management also manages the overarching **Group Sustainability 360° programme** and thus coordinates the implementation of the sustainability strategy at Commerzbank. The customer segments, Risk Management and numerous other relevant Group divisions as well as Commerz Real are also involved in this programme.

Since

2020

Sustainability has been an integral part of our corporate strategy.

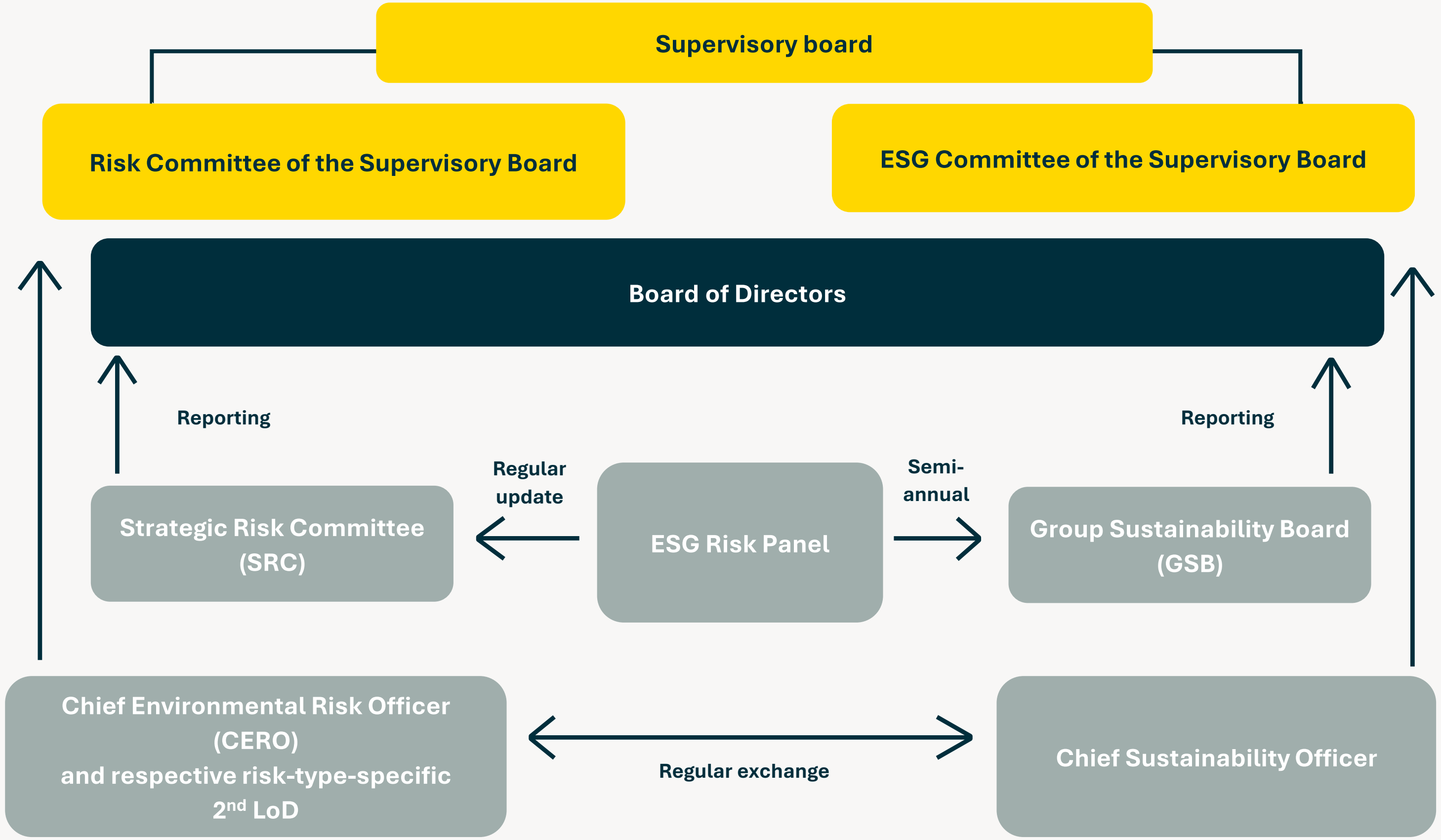
The programme forms a framework around all of the bank's sustainability activities and, in addition to the close link between overarching topics, also ensures their stringent tracking and a coordinated approach. The status of the program is regularly reported to the Board of Directors.

To ensure a constructive and critical dialogue with our stakeholders, we established an external **Sustainability Advisory Board** in 2022 under the patronage of the Chairwoman of the Board of Management Directors. It provides impetus for the further development of our sustainability strategy and is made up of representatives from business, science, society, politics and non-profit organisations. We use the impetus of the Sustainability Advisory Board to further develop our sustainability strategy.

We manage risk and sustainability together

The integration of ESG risk aspects into the bank's governance is carried out by various committees across all three levels of the "Three Lines of Defence" model. Nature and climate risks (as part of ESG risks) are considered horizontal risk drivers and are primarily managed by relevant risk type control units, such as credit risk management. The "second line of defence" lies within the risk control function. The **Chief Environmental Risk Officer** (CERO) and the **Environmental Risk Control** unit have a central overview function, including for climate and biodiversity risks. Together with the risk type managers, the unit monitors the impact of ESG risks on the bank's risk profile and conducts an annual materiality assessment. Regulatory requirements, such as the ECB Guide to Climate and Environmental Risks or the EBA Guidelines for ESG Risk Management, are taken into account and steered by an annual ESG Risk Work Programme. **The ESG Risk Panel**, chaired by CERO, meets quarterly and reports to the **Group Sustainability Board** and the **Strategic Risk Committee** on an ad hoc basis. Further reporting lines are sent to the Executive Board and the relevant committees of the Supervisory Board. The Group Sustainability Board is regularly informed every six months in an overarching report on the status and progress of all sustainability-related topics, including risk and impact perspectives. ESG risks (including climate and biodiversity risks) are also applied in business segments such as internal auditing.

Risk embedding in Commerzbank's sustainability governance



Human rights are an important part of our work

As part of our international business activities, we are aware of our responsibility to the people and communities affected by our activities. Respect for human rights has therefore been a central component of our corporate policy for many years. Since 2006, we have been committed to the principles of the UN Global Compact and committed to implementing these guidelines, which include respect for freedom of association, the right to collective bargaining, and the elimination of forced and child labour. In addition, we actively campaign against discrimination in recruitment and employment. With our Inclusion 2.0 Action Plan, we are strengthening the link between inclusion, diversity and sustainability, which was recognised in 2024 by the award of the Inclusion Award for Business. Our commitment to upholding human rights is reflected in our human rights position and the policy statement on the Supply Chain Due Diligence Act. Our Code of Conduct also summarizes our understanding of ethically and morally impeccable behaviour. Our approach goes beyond ensuring human rights within our company; we also take these principles into account in our business activities as well as in our interactions with external stakeholders.

With the enactment of the Supply Chain Due Diligence Act (LkSG), we have further strengthened our human rights policy. Our goal is to prevent or minimize human rights and environmental risks both in our own business operations and with suppliers, and to address any violations. This commitment is part of our sustainability targets in the "Social" area, underscoring our commitment to responsible corporate governance.

To ensure compliance with these standards, our Chief Compliance Officer has been appointed as the Bank's human rights officer. In 2023, we also expanded our compliance management system and integrated it into our foreign units and relevant subsidiaries to meet the requirements of the Supply Chain Due Diligence Act. Through these measures and continuous monitoring by the board and management, we ensure that the rights of those affected are respected and promoted.

In financing infrastructure projects, we apply the Equator Principles. These focus not only on environmental risks but also on identifying and managing social impacts, especially protecting local communities. Through the facilitation of social bonds and the issuance of social loans, we also actively influence society and promote positive social developments.

Our Strategy

Embracing our Responsibility with Environmental Consciousness

The protection of nature and the climate requires a clear and ambitious sustainability strategy. Therefore, we have set ourselves ambitious goals and are working every day to achieve them. With these goals, we are creating opportunities, both for us as a bank and for our customers. In addition to the opportunities, we also look at our impacts and risks in our strategy and try to identify and manage them systematically.

Our focus is on the opportunities of transformation

Tackling climate change and biodiversity loss requires innovative solutions, new business models and significant financial investment. For example, new technologies and products to reduce greenhouse gas emissions, such as renewable energies, and measures to adapt to climate change require considerable financial resources. As a bank, this offers us numerous opportunities. The energy transition and measures to reduce emissions are increasing the financing needs of our customers. In addition, interest in sustainable investment opportunities is growing. That's why we develop products and services that meet these changes while delivering environmental or social benefits. Our presence in over 40 countries enables us to support our customers in their sustainable transformation internationally. We offer numerous innovative and sustainable financing solutions for this purpose. These include credit products for corporate customers aimed at financing sustainability projects, as well as our "Green Building Financing" for energy-efficient buildings in the private customer segment. This financing offers more favourable conditions for the construction, modernisation or purchase of energy-efficient buildings.

In the area of investments, we actively contribute to sustainable development and leverage the associated business opportunities. Our offerings include sustainable funds, asset management, and capital market instruments. For our private customers, we also offer the “FinanzKompass”, which offers tips for sustainable behaviour in everyday financial life under the "Acting sustainably" approach.

The comprehensive consideration of sustainability aspects demonstrates our commitment to a future-oriented financial world. Together with our clients, we focus on sustainable growth. Our aim is to take responsibility while simultaneously creating opportunities for both us and our clients, ensuring prosperity and a liveable world for current and future generations.

As we firmly believe that true transformation can only succeed if we pursue a common goal, it is crucial to thoroughly inform and sensitize all stakeholders and interested parties. Therefore, we actively work to further educate our employees through targeted training and offer our clients comprehensive informational materials and events. Our goal is to create and convey a broad and deep understanding of the importance of biodiversity and sustainability, and to demonstrate how these principles can be implemented in everyday life and business environments.

„We see sustainability as a responsibility and a success factor. We offer our clients tailored solutions and work with them to shape sustainable change.“

Our ESG positioning

More information about our sustainability targets here.

We consider climate risks an essential component of our risk assessment

Commerzbank has an explicit climate risk strategy, which is integrated into its overall business and sustainability strategy. This requires us to continuously analyse significant key and environmental factors as part of our annual strategy process that are relevant to our business model, including from a risk perspective, and that have the potential to impact our business success.

We differentiate between transition and physical climate risks. Both types act as horizontal risk drivers. This means that we do not view climate risks as isolated types of risk, but as potential drivers that impact already established risk types. Transition climate risks arise from the shift to a lower-emission and more sustainable economic system. They encompass a variety of factors, including regulatory and legislative changes in energy policy, shifting market sentiments and preferences, and technological innovations. Physical climate risks result from changing climatic conditions and extreme weather events, such as floods and heatwaves. Chronic effects, such as rising sea levels and long-term changes in weather patterns, also represent significant physical risks that we incorporate into our analyses.

In 2024, as part of the annual risk inventory process, Commerzbank conducted a comprehensive materiality assessment for climate risks. This analysis is aligned with the requirements of the European Central Bank's guide on climate and environmental risks, ensuring that we accurately understand and evaluate the current developments in the risk landscape and their potential impacts on our business strategy.

Within this scenario-based and quantitative analysis, considered climate risks are considered material if their potential financial impact is more than 0.75% of Commerzbank's total economically required capital. If this threshold is exceeded, we assume that the risk type is materially affected by climate risks.

Results of the Climate Risk Materiality Assessment

Material risk types	Physical risks			Transition risks		
The short-term time horizon is up to one year, the medium-term time horizon one to five years, and the long-term time horizon more than five years (at least ten years were considered).	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Credit risks (incl. counterparty risk)	No	No	Yes	No	No	Yes
Market risk	No	No	No	No	No	Yes
Operational risk (incl. compliance and cyber risk)	No	No	No	Yes	Yes	Yes
Reputational risk	No	No	No	Yes	Yes	Yes
Physical asset risk	No	No	No	No	No	No
Business risk	No	No	No	Yes	Yes	Yes
Liquidity risk	No	No	No	No	No	No
Model risk	No	No	No	No	No	No

More information about our analysis process here.

Biodiversity risks have an impact on our business risks

In addition to considering climate risks, securing against biodiversity risks is also crucial for us. To analyse the impact of biodiversity risks, we conduct a materiality analysis for biodiversity risks as part of the annual risk inventory. Fundamentally, we anticipate that both physical and transition risks will increase in the future and affect Commerzbank through various channels.

Physical biodiversity risks arise, for example, from the loss or degradation of ecosystem services, such as reduced water availability or poorer soil quality. Transition risks also emerge here due to the shift towards a more sustainable economy. The analysis shows that credit risks, in particular, are highly relevant for us. The growing importance of both physical and transition risks will increasingly affect our clients in the future, thereby having a direct impact on our lending and credit assessment.

Additionally, we have identified reputational risks as a significant risk. This is especially due to the importance of transition biodiversity risks in the medium- and long-term horizon. The lack of binding standards and an inconsistent understanding in the area of sustainability can lead to allegations of greenwashing. Such allegations could endanger our reputation or that of our clients and must therefore be carefully managed.

Transitory biodiversity risks were also classified as material for business risk in the medium and long-term time horizon. Overall, the relevance of the transitory risk drivers and transmission channels results from secondary effects from reputational and credit risks, but in particular from potentially higher profit and loss variances in sectors relevant to transition risk

The analysis is based on data from ENCORE and the WWF Biodiversity Risk Filter. Data is used on the direct impact and dependencies of the sectors in which our customers operate, but not their supply chains.

Results of the Biodiversity Risk Materiality Assessment

Material risk types	Physical risks			Transition risks		
The short-term time horizon is up to one year, the medium-term time horizon one to five years, and the long-term time horizon more than five years (at least ten years were considered).	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Credit risks (incl. counterparty risk)	No	No	Yes	No	No	Yes
Market risk	No	No	No	No	No	No
Operational risk (incl. compliance and cyber risk)	No	No	No	No	Nein	No
Reputational risk	No	No	No	No	Yes	Yes
Physical asset risk	No	No	No	No	No	No
Business risk	No	No	No	No	Yes	Yes
Liquidity risk	No	No	No	No	No	No
Model risk	No	No	No	No	No	No

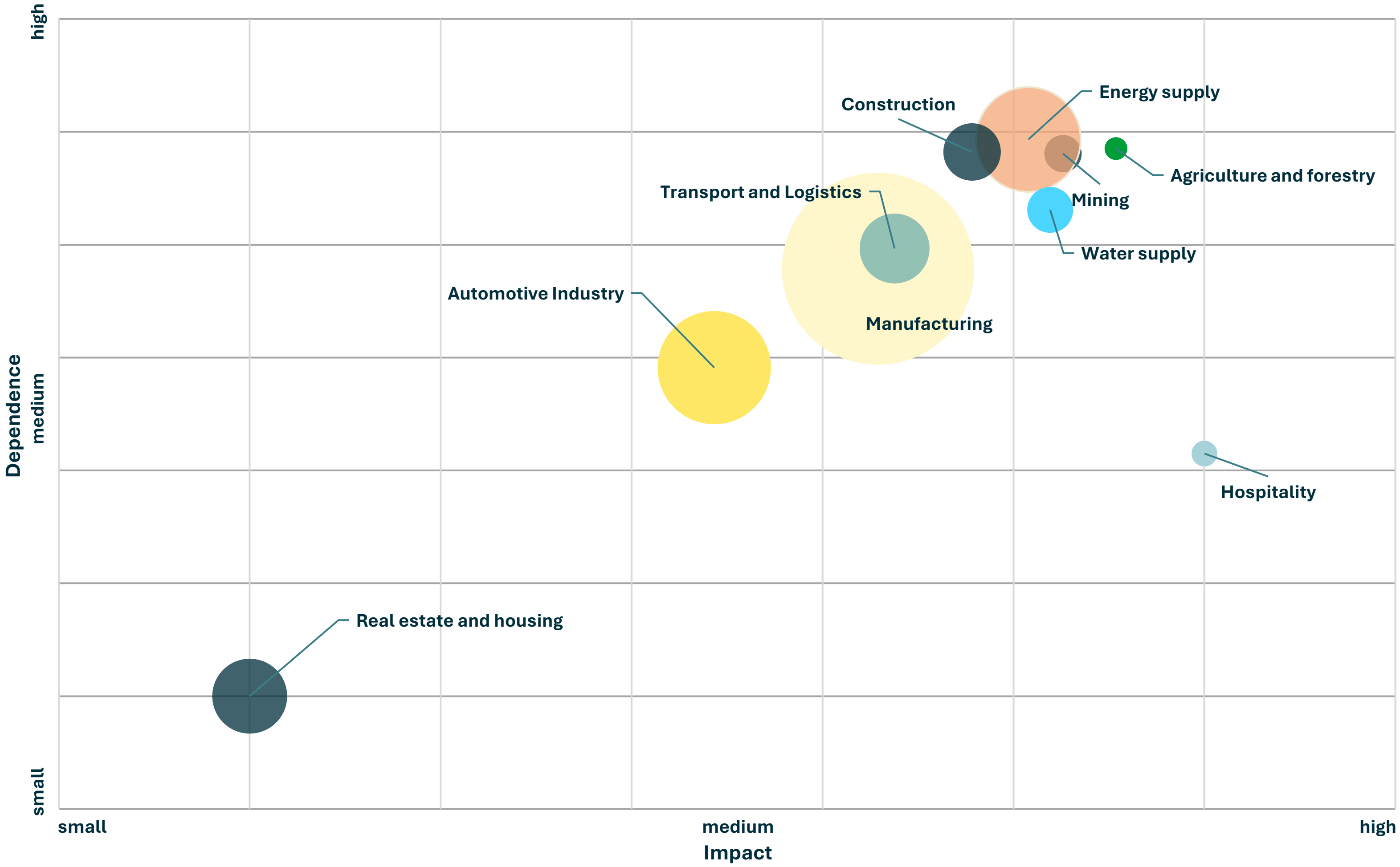
More information about our analysis process here.

Manufacturing as the primary driver of nature-related impacts

In addition to the risks, we also consider the negative impacts on nature caused by our financing activities. As part of our annual materiality analysis for biodiversity risks, we have also analysed the impacts of our business activities on biodiversity and its ecosystem services. This analysis takes into account the contribution of each sector in our portfolio to direct impact factors such as pollution (including water, soil, light, noise, waste), resource use (including freshwater, seabed, fish, wood), land use, and the introduction of invasive species within the context of our current credit portfolio.

The results of this analysis, depicted in the adjacent graphic, clearly show which sectors in our portfolio have varying degrees of impact on and dependency on nature. The size of the circles represents the size of the respective sectors in our portfolio. Our analysis shows that 42% of our portfolio has high impacts, 24% moderate impacts, and 34% lower impacts on the topics we studied. While sectors such as agriculture, forestry, and mining show high dependencies and impacts but make up a smaller portion of our portfolio, industries like energy supply and manufacturing show a higher share and simultaneously stronger impacts on biodiversity. These results give rise to potential areas of action and strategic priorities for us.

Dependencies and impacts of our portfolio on biodiversity, broken down by sector

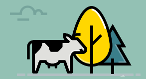


Our positions establish binding principles

The focus of our transformation, and thus the potential for negative impacts and risks, lies in our financing business. For this reason, we have defined various positions and exclusion criteria that aim to protect the climate, ecosystems, and biodiversity. We regularly evaluate transactions and business relationships, monitoring compliance with our standards on a case-by-case basis.

Specifically, for controversially discussed topics such as armaments, fossil fuels, and mining, the bank has formulated industry-specific requirements. For example, the financing of mining projects that use the environmentally harmful Mountain-Top Removal (MTR) method is generally excluded because this method of coal extraction leads to significant land use changes and is extremely invasive. Restrictions also apply to the financing of oil and gas extraction projects, and the new construction or expansion of coal mines, coal infrastructure, or coal power plants is not supported

Furthermore, we do not support transactions related to ship dismantling at uncertified shipyards and pay attention to sustainability initiatives in the textile industry. The topic of water is considered in our asset management. We exclude direct investments in companies where serious violations of the principles of the UN Global Compact have been identified. These principles include, among others, ecological minimum standards for the impact on the sustainable use and protection of water and marine resources. Investments are made only in exceptional cases if our analyses identify a positive development outlook for the company. The comprehensive list and detailed consideration of our exclusion criteria and requirements can be found in our ESG framework.



Position on deforestation

Our position on deforestation, published at the beginning of 2024, is an important measure to combat land-use change. We aim for all corporate clients in forestry, soy, palm oil and beef in regions at high risk of deforestation to demonstrate their commitment to preventing and minimising land-use change through relevant memberships and certifications by the end of 2025 at the latest. This includes certifications from the Forest Stewardship Council (FSC) or the Roundtable on Sustainable Palm Oil (RSPO). In this way, we promote product traceability, sustainable management of raw material sources and transparency in reporting. It also aims to mitigate the social impacts of biodiversity loss, support the rights of local communities and promote fair labour practices

At the time of publication of our deforestation position at the beginning of 2024, 19% of the relevant existing customers did not meet these requirements. By the end of 2024, more customers had submitted corresponding memberships and certificates, so that this proportion could be reduced to 5%. We are in an ongoing dialogue with the affected customers to achieve our goal and ensure that environmental standards are met.

Strengthening our climate resilience via systematic scenario analyses

For the success of our strategy, it is crucial to make it resilient and continuously evaluate current progress in managing climate-related risks. In an uncertain and rapidly changing environment, this approach is essential to secure our business activities in the long term.

The annual climate risk stress tests that we have been conducting since 2021 support the assessment of our resilience to various risk scenarios. These tests simulate challenging scenarios by inserting extreme values of relevant variables into our existing planning models and analysing the resulting changes. In the reporting year 2024, the focus was on short-term and mid-term transition risks, including potential regulatory adjustments to achieve the net-zero goal by 2050. The results enable us to proactively respond to changes and continuously strengthen our resilience to climate-related challenges.

Our climate scenarios are based on the recommendations of the Network for Greening the Financial System (NGFS). This includes the NGFS scenario "Net-Zero 2050," which assumes that net CO_2 emissions will be reduced to zero by 2050, offering the chance to limit global warming to below 1.5°C by the end of the century. In this scenario, physical risks are relatively low, but transition risks continually increase due to the necessary transformation.

In contrast, the NGFS scenario "Current Policies" considers a future without new climate regulations. This scenario leads to global warming of 3°C and an increase in emissions until 2080, resulting in significant physical risks. The NGFS scenario "Fragmented World," on the other hand, describes a situation where some countries generate high emissions while others make progress in transformation. This allows for a combined consideration of physical and transition risks.

To calculate the potential impacts in these scenarios, we use our internal scenario analysis and stress testing infrastructure. Key parameters, such as volatilities, are derived internally since they are not always provided by the scenario creators. Through this methodological approach, we strengthen the robustness of our strategies and ensure that we can actively respond to the challenges of climate and environmental protection.

Our strategic metrics in the area of sustainability, along with the increased focus on financing the transformation of our clients, help us to further strengthen our resilience against climate risks. Although a systematic quantification of the current financial effects of significant risks and opportunities has not yet been provided as standalone data, we identify potential risks and opportunities across our entire value chain. This lays the foundation for sustainable corporate governance that meets both ecological and economic requirements.

Our stress tests show controllable effects on Commerzbank's risk profile.

Even in the stress scenario, our risk-bearing capacity always exceeds the regulatory minimum requirements of 100% risk-bearing capacity and a CET1 (Common Equity Tier 1) ratio of over 6.5%.

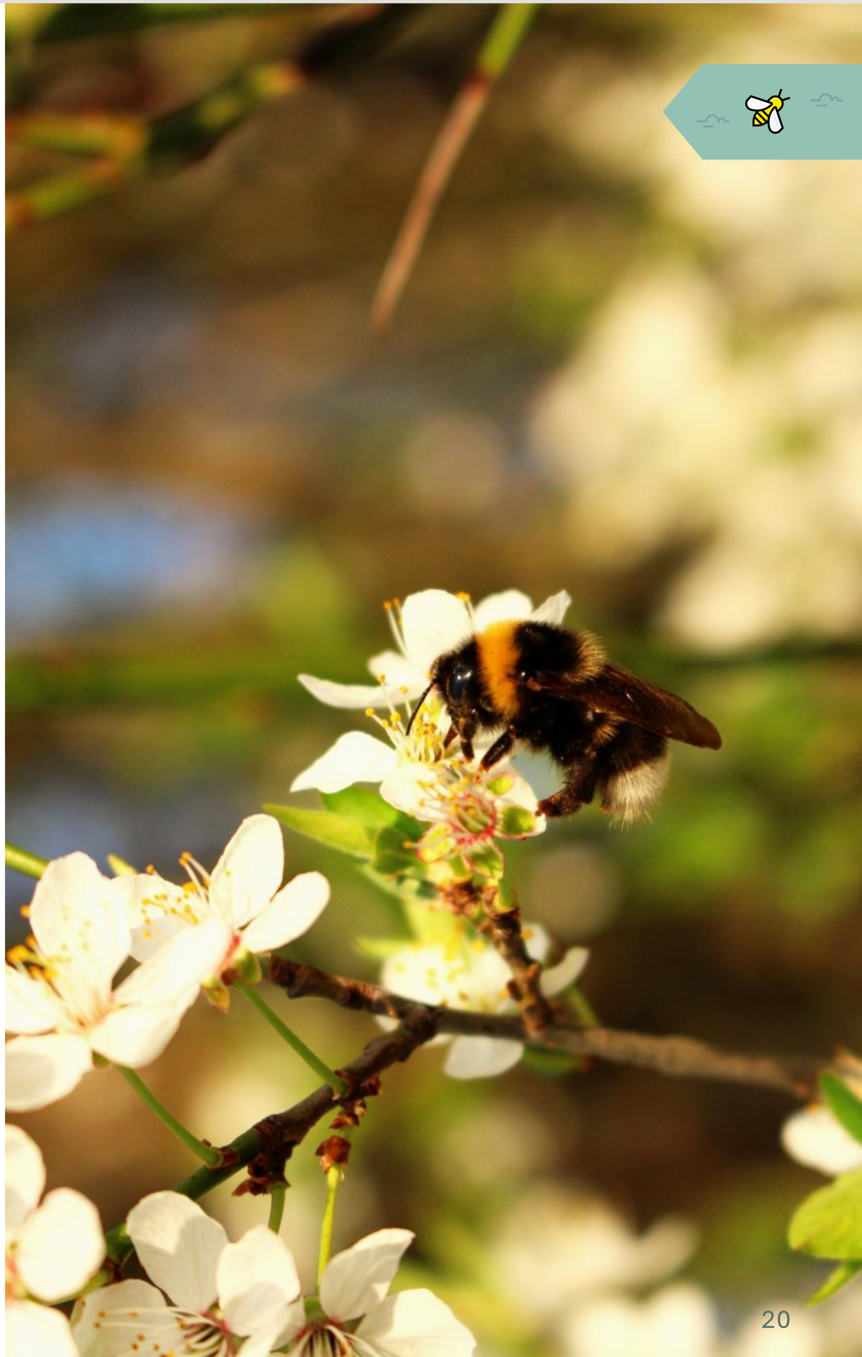
Applying scenario analyses to develop a biodiversity-resilient strategy

Regarding the resilience to risks arising from potential biodiversity loss, we are already conducting targeted analyses to ensure the success of our strategy. Key measures include comprehensive portfolio analyses, which particularly focus on the financial impacts of biodiversity risks across different time horizons.

As part of our risk assessment, we have also conducted a qualitative scenario analysis based on two narratives from the TNFD. These scenarios consist of a series of depictions of how the future might unfold, based on a coherent set of assumptions about key influencing factors and critical uncertainties. One of the scenarios we selected is "Ahead of the Game," which represents a scenario driven by fundamentally optimistic developments. The second scenario, "Sand in the Gears," is rather pessimistic and driven by complications. We were able to comprehensively examine and assess both physical and transition risks, how the transmission channels of the various types of risks would develop, and what potential impacts could occur across different time horizons.

To focus our qualitative analysis within our portfolio, we have selected the risk driver "water" and the sector "energy" as particularly relevant areas. This investigation showed overall only minor changes in earnings before interest, taxes, depreciation, and amortization (EBITDA). At the same time, the analysis enabled the identification of key energy producers and locations and provided valuable insights for the further development of future analyses.

Through these processes and analyses, we ensure that our business strategy remains robust and resilient to nature-related risks and opportunities. The ongoing adaptation and development of our analyses enable us to be prepared in the long term and to align our strategic measures accordingly.



Our analyses are improved by location-based information

Physical biodiversity risks are highly location-dependent as each ecosystem is unique and has site-specific characteristics. Therefore, data on the relevant locations of our clients is a central component of our risk analysis. Currently, one of the major challenges lies in identifying these relevant locations. To lay the foundation for a future comprehensive location-based analysis of our portfolio, we are already using the WWF Biodiversity Risk Filter for a selection of clients who operate in sectors with elevated biodiversity risk. The WWF Biodiversity Risk Filter allows us to create location-based analyses based on coordinates, taking into account local physical and transition biodiversity risks.

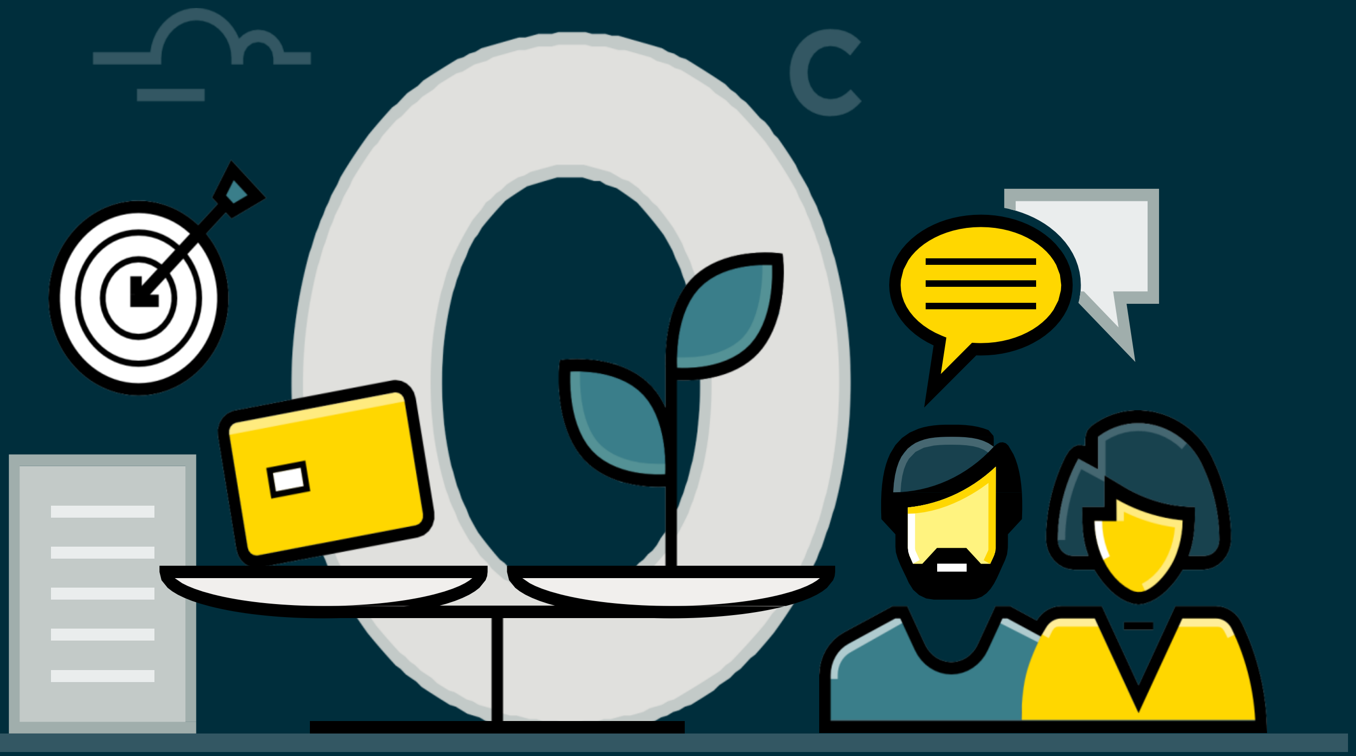
The results have shown us that the majority of the examined companies present a medium to high biodiversity risk. However, especially large multinational companies exhibit high location and sector diversification, leading to risk mitigation. Thus, the results largely align with the assessments of the ENCORE tool for sector-specific evaluation of our portfolio.

This approach helps us develop a better understanding of biodiversity-related risks in our client portfolio and formulate targeted risk mitigation strategies. The support of location data will be crucial for adequately assessing biodiversity impacts and adapting our business strategies accordingly.

We have also used the WWF Biodiversity Risk Filter to investigate the impacts and dependencies of our own locations on biodiversity and ecosystems. The results show that Commerzbank AG does not have significant negative impacts on biodiversity, areas in need of protection, or protected species in its operational business.

Our Risk Management

Embracing our Responsibility with Transparency



In a world full of complex ecological challenges, it is necessary to proactively and responsibly manage ecological risks. We believe that extensive and transparent risk management is crucial to account not only for financial but also ecological impacts. Therefore, our risk management system is designed to comprehensively consider and disclose the ecological consequences of our decisions.

We use a variety of tools to assess our biodiversity risks

ENCORE is a tool for analysing dependencies and impacts on nature, developed by the Natural Capital Finance Alliance in partnership with UNEP-WCMC (World Conservation Monitoring Centre). The aim of the tool is to improve the understanding and visualization of the influence of environmental changes on the economy.

With the tool, it can be determined how companies in various economic sectors depend on goods and services provided by nature. Furthermore, it also considers how companies impact these through selected influence factors. ENCORE takes into account theoretical impact chains between economic activities and nature, particularly in relation to biodiversity and functioning ecosystems. It helps companies and financial institutions like ours to understand the dependencies and impacts of their activities on ecosystem components. The tool evaluates the dependencies and impacts of sectors using a scale. This scale assesses the economic risks of an industry but does not make a direct quantitative economic assessment.

At Commerzbank, we use the tool for sector-based analysis of our portfolio.

The WWF Biodiversity Risk Filter supports companies in evaluating and managing location-based biodiversity risks in their business activities. The tool provides a comprehensive analysis of environmental risks based on current data and scientific insights, considering factors such as the condition of ecosystems and the habitats of threatened species.

By evaluating geo-specific risks, the WWF BRF provides a valuable complement to ENCORE. The combination of both tools helps us to identify not only particularly relevant sectors but also regions where we have dependencies and impacts. Based on this information, we can develop risk mitigation strategies and align our business practices in certain regions with ecological requirements.

We have already used the WWF BRF to assess and investigate the impacts and dependencies of our clients in selected sectors.

Climate and biodiversity risks are comprehensively integrated into our business and risk strategy

As part of our annual strategy process, we analyse a variety of key and environmental factors. This analysis considers both internal perspectives as well as external ones from clients and investors. Climate and biodiversity risks are a central component of this comprehensive analysis, and the results are incorporated into the development of our strategies and business models.

To ensure that climate and biodiversity risks are adequately considered, we conduct an annual materiality assessment. These risks are not viewed in isolation but as horizontal risk drivers that impact established risk types such as credit and market risk. We take into account both physical and transition climate and biodiversity risks and also consider different time horizons: short-term (up to one year), mid-term (one to five years), and long-term (over five years). For each of these horizons, we conduct scenario-based and, where possible, quantitative analysis. We consider climate and biodiversity risks to be material for a risk type if the potential financial impacts exceed 0.75% of Commerzbank's total economically required capital. Among other measures, Commerzbank booked a "collective staging" for climate risks in the risk provisions in 2024, which is continually updated and thereby reflected in the bank's balance sheet.

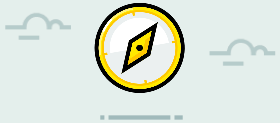
The results of the analysis are also considered as part of the Internal Capital Adequacy Assessment Process (ICAAP). This is an internal process used by banks to assess and ensure their capital adequacy. It ensures that they have sufficient capital to cover all significant risks they are exposed to and to continue their business activities safely and sustainably. By comprehensively integrating the effects of climate and biodiversity risks into our ICAAP, we create a solid foundation for our risk management and incorporate them into our economic capital models.

For the risk types of credit, market, and operational risk, we have additionally conducted a detailed portfolio analysis for biodiversity risks using the tools ENCORE and WWF BRF. This analysis considers the direct impacts and dependencies of the sectors in which our clients operate. The results of this portfolio analysis can be found in the strategy chapter.

Through our systematic approach, we ensure Commerzbank's resilience and ensure that potential capital effects are incorporated into the risk-bearing capacity to maintain the economic stability of the institution.

Outlook: Our planned measures

Starting from the reporting year 2025, our materiality assessment for biodiversity risks will be extended to our upstream and downstream value chains. One of the biggest challenges in determining and managing biodiversity-related impacts and risks is the availability of relevant data and the lack of standardized metrics. Therefore, Commerzbank plans to further enhance the quality and quantity of relevant ESG, location, and supply chain data to improve risk and impact analysis. Additionally, Commerzbank is actively involved in various working groups and associations, such as the Association for **Environmental Management and Sustainability in Financial Institutions** (VfU), the Biodiversity in Good Company (BiGC) initiative, as well as a public-private partnership project guided by Wageningen University & Research. The goal of these collaborations is to further improve the quantification of biodiversity risks, for example, through the incorporation of scenario analyses and stress tests.



The loss of biodiversity generates financial risk

Quantifying financial risks due to biodiversity risks is essential for us to ensure the long-term financial planning and stability of our company. Biodiversity risks affect numerous areas of our business operations, ranging from the availability and quality of natural resources to regulatory changes and societal expectations. Through precise assessment of these risks, we can develop targeted measures to prevent potential financial losses.

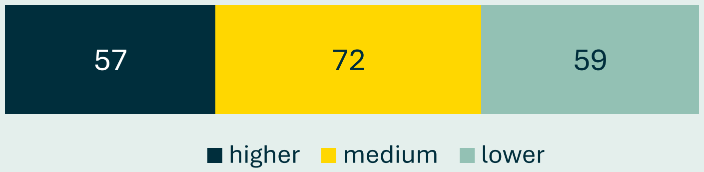
Based on the credit risk portfolio analysis using data from the ENCORE tool and the WWF BRF, we have created a metric. When interpreting the results, it is important to note that a high theoretical risk assessment does not necessarily mean a high credit risk. ENCORE and the WWF BRF do not evaluate specific default probabilities at the customer level. Instead, they analyse the dependencies and impacts of sectors and countries on biodiversity. This means that the usual evaluation of monetary effects is currently not possible.

Overall, 36.5% of our portfolio was assessed with a higher physical risk due to the dependency on ecosystem services, 37.7% with a medium risk, and 25.8% with a lower risk. Particularly elevated risks are found in the sectors “Energy Supply," "Construction," and "Manufacture of Chemical Products." Water-related ecosystem services, such as "Water Supply" and "Water Flow Regulation," are particularly relevant since our portfolio shows an increased dependency on these.

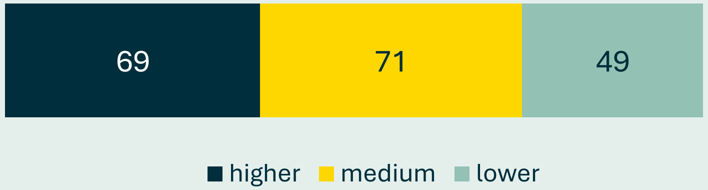
Additionally, 30.5% of our portfolio was assessed with a higher transition risk, 38.5% with a medium risk, and 31% with a lower risk. Particularly elevated transition risks are evident in the sectors "Electricity Supply," "Manufacture of Motor Vehicles and Motor Vehicle Engines," and "Wholesale."

This comprehensive analysis enables us to formulate targeted risk mitigation strategies and adjust our business practices accordingly. Considering the diverse dependencies on ecosystem services ensures that our risks are appropriately assessed and managed. This contributes to the long-term resilience and sustainability of our business operations.

Transition assessment of biodiversity in billion euros EaD
(Exposure at Default)



Dependency assessment of biodiversity in billion euros EaD
(Exposure at Default)



* Exposure at Default

Climate risks are assessed as part of the annual risk inventory

Climate risks

Physical risks

result from changing climatic conditions. Classification into acute weather events (e.g. floods, heat waves) and chronic effects (e.g. sea level rise)

Transitory climate risks

are caused by the transition to a lower-emission and more sustainable economic system, including factors such as regulatory and legal changes, changing market sentiments/preferences and technological innovations.

How we manage materially affected types of risk:

Credit Risk

→ Materially affected by physical and transitory risks, esp. in the sectors "Manufacturing" and "Energy supply“

→ Management in particularly affected portfolios is carried out through the aggregation of the results of scenario and credit risk analyses into a structured assessment ("Climate Risk Score") and its consideration in individual credit decisions.

Market risk

→ Materially affected by transition risks, especially as a result of increasing volatility

→ Affected positions are continuously monitored, and an early warning indicator ensures throughout the year that the capital buffer is adequate.

Business risk

→ Materially affected by transitory risks

→ Potential impacts from climate risks, including potential secondary effects from reputational risk, are addressed by a climate risk buffer within the management buffer, which is regularly reviewed.

Operational risk

→ Materially affected by transition risks, especially from potential greenwashing lawsuits.

→ Management is carried out, for example, through the consideration of corresponding scenarios in the modelling of operational risks.

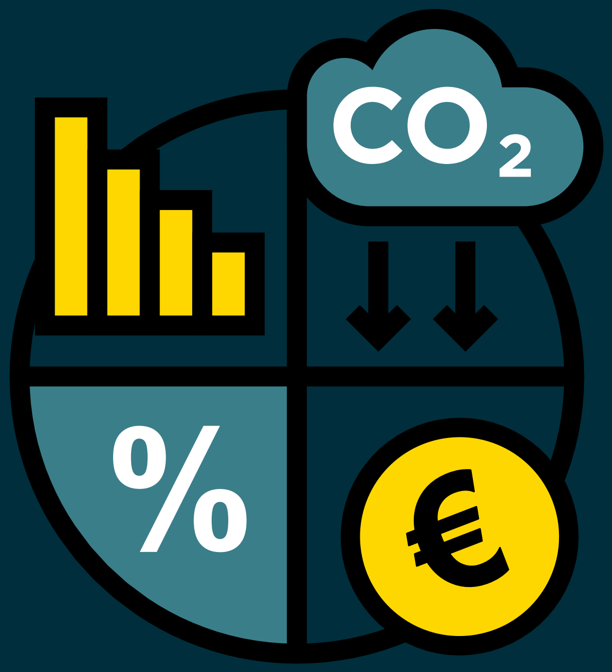
Reputational risk

→ Materially affected by transition risks, especially due to potential greenwashing allegations.

→ Management is primarily carried out through the formulation of exclusion criteria and guidelines in critical sectors, as well as case-by-case assessments, which can lead to the rejection of transactions and business relationships.

Our Key Figures and Targets

Embracing our Responsibility with Ambition



Setting and achieving our targets require solid methodological foundations, effective management, and continuous monitoring. The use of scientific methods enables us to set ambitious yet realistic targets, while the involvement and collaboration of various business units ensure that these targets are met. With these approaches, we move step by step towards a sustainable future.

→

Targeted transformation through holistic management

Target E1 **Net-Zero-Portfolio**

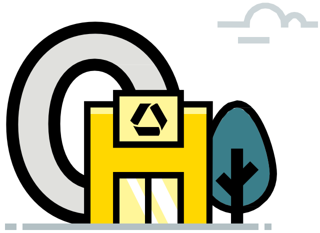
We aim to achieve net-zero carbon emissions from our loan and investment portfolio by 2050. We have joined the Science Based Targets initiative (SBTi) to calculate and set the target.

→ Sustainable portfolio management
We integrate sustainability considerations into our core business, in particular through environmental and social requirements and exclusion criteria.

Target E2 **10 % Sustainable Loans***

We want to permanently allocate at least 10 percent of our new loan business to sustainable projects and business models in order to actively support sustainable transformation.

→ Active promotion of green business models
We finance sustainable business models and projects that contribute to a shift towards greater sustainability.



Target E3 **Net-zero banking operations**

We want to achieve net-zero carbon emissions In our own operations by 2040.

→ Responsible management of our own business
We are continuously working to improve our environmental performance and energy efficiency by reducing resource consumption and greenhouse gas emissions and increasing the use of renewable energies.

Protecting biodiversity and the climate is a major challenge for the world, and as a bank we want to – and must – meet this challenge. That is why sustainability in all its dimensions is an integral part of Commerzbank's core business. The United Nations **Sustainable Development Goals** (SDGs) and the **Paris Agreement** are our guiding principles in actively transforming our bank towards greater sustainability and accompanying our clients as they work towards more climate-friendly investments. To this end, we are continuously expanding our range of innovative and environmentally friendly products and solutions for our customers. Our commitment to climate protection and biodiversity is at the heart of our sustainability strategy.

What does net-zero mean?

Net-Zero describes the state in which an organization no longer has any net greenhouse gas emissions after all technically and scientifically possible efforts. Unavoidable emissions may only be compensated through measures for CO_2 sequestration.

* With the release of this target in 2025, we have set ourselves a new milestone. This replaces our previous Sustainable Finance volume target and takes into account regulatory developments.

Target E1: Net-Zero Portfolio

In accordance with the business model of a universal bank, our financed emissions (Scope 3 emissions, Category 15) are the main driver of our total greenhouse gas emissions. Therefore, the reduction of these emissions is at the core of our sustainability strategy. In 2021, we joined the Science Based Targets initiative (SBTi), and since then, we have been pursuing the strategic goal of reducing the CO2 emissions of our entire credit and investment business to net-zero by 2050. To achieve our net-zero target, we use two SBTi-compliant approaches:

The **Sectoral Decarbonization Approach** (SDA) is a method for setting sector-specific intensity targets. The focus is on the areas of the value chain where high CO_2 emissions occur or downstream high CO_2 emissions are caused. In the first step, we identified and analysed the CO_2-intensive sectors in our portfolio. These are energy generation, aviation, automobile manufacturing, commercial real estate financing, and the production of cement, iron, and steel. We also consider the optional private real estate financing portfolio as per SBTi guidelines. For these portfolios, we have formulated corresponding targets for reducing emission intensities by 2030, which were validated by the SBTi in 2023. According to SBTi, the sectors covered under the SDA approach account for up to 87% of the global CO_2 emission budget by 2050.

Following our joining of the Partnership for Carbon Accounting Financials (PCAF) in 2023, we adjusted the calculation method for portfolio intensities to the internationally recognized PCAF standard. The ambition level of the targets remained the same or was slightly increased. Final confirmation of the adjusted targets by the SBTi as part of the revalidation process is still pending.

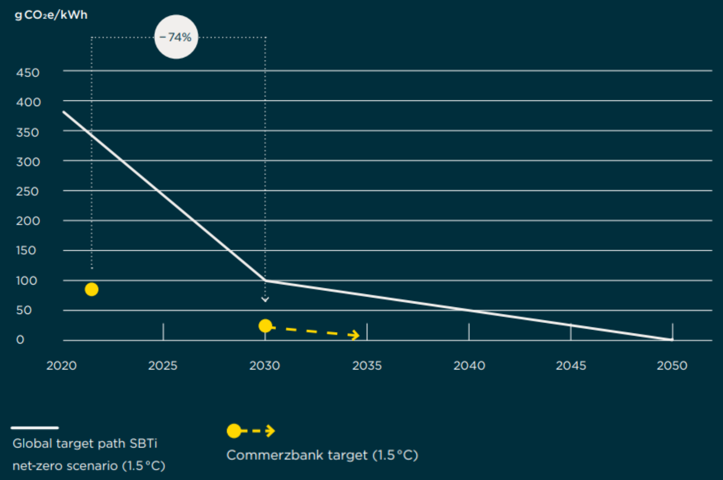
We use the **Temperature Rating Methodology** for investments that are not yet covered by the SDA approach. The Temperature Score approach allows financial institutions to determine the current "temperature value" of their portfolio based on the public emissions reduction targets of their borrowers. Here, a "temperature value" is calculated for each of our clients, representing the ambitions of the company-specific climate goals as a °C value. The method for calculating these temperature scores was developed by the non-profit organization Carbon Disclosure Project (CDP) and is widely recognized. Companies without specific climate goals initially receive a standard value of 3.2 °C. Once all clients have received their temperature scores, these are weighted and aggregated into an overall portfolio value, separated into Scopes 1 and 2 as well as Scopes 1 to 3.

Our defined CO_2 reduction pathways by 2030, divided by SDA sectors and according to the Temperature Rating Methodology can be found Group Sustainability Report [E1-4].

By taking into account the CO_2-intensive parts of the overall economic value chain under the SDA approach, it can be assumed that a transformation of these sectors will also transform other parts of our portfolio.

Example Energy: Emission intensity and targets

The exemplary presentation of the reduction path for financing in the energy sector shows that emissions are to be reduced by 74% from the base year 2021 to the interim target of 2030. This reduction can be achieved in particular by increasing the use of green energy. After 2030, emissions intensity is to be further reduced.

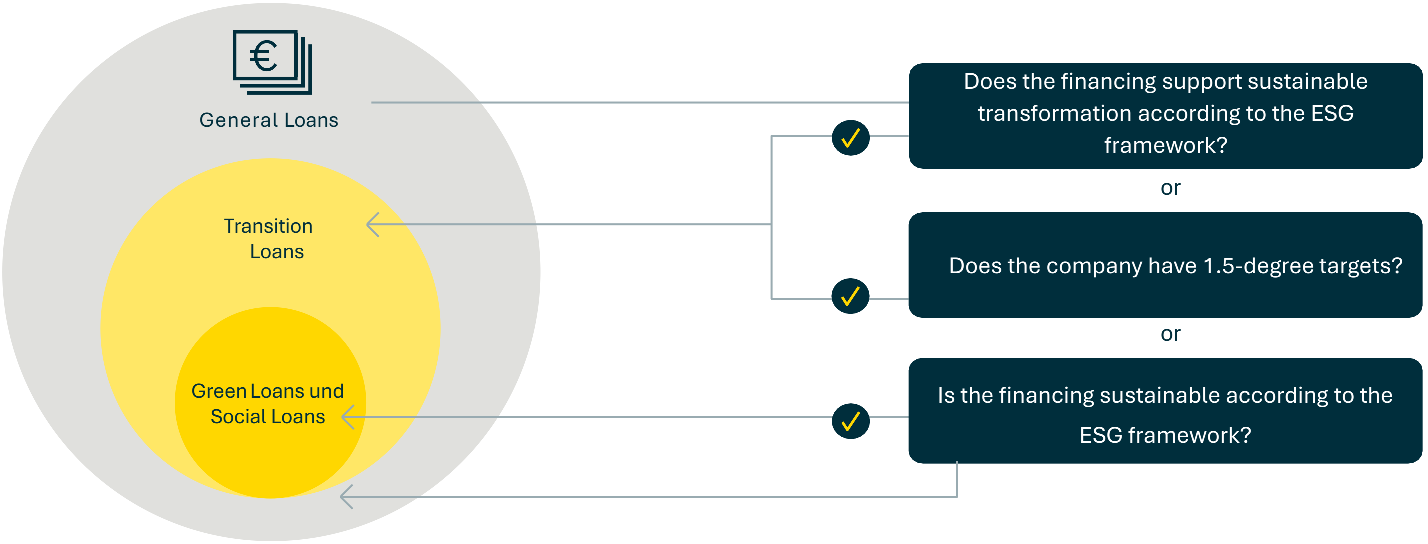


Target E2: 10 % sustainable loans

Sustainable finance plays a crucial role in fostering a sustainable and responsible economy. As one of the leading financial institutions in Germany, we have set ourselves the goal of steering financial flows in a targeted manner and actively contributing to the promotion of environmentally friendly and socially responsible projects. We see the expansion of sustainable lending in the areas of nature and climate as an opportunity for our business model.

We have set a goal to permanently allocate at least 10% of our new lending business to sustainable loans. We finance both directly sustainable projects and business models (Green Loans and Social Loans) as well as initiatives that support the transition to more sustainable business models (Transition Loans). To clearly define which engagements meet our sustainability requirements and can thus be classified under the category of Sustainable Loans, we have developed a transparent assessment framework and our own criteria, as depicted alongside. If the proposed financings meet our criteria, we classify them as sustainable.

Through the targeted allocation of sustainable loans, we actively contribute to promoting a climate-friendly and socially responsible economy. We support our clients in their sustainable transformation and make an important contribution to achieving global climate goals.



Green loans finance projects that promote environmental sustainability, such as renewable energy investments, energy efficiency measures, and conservation initiatives. These loans help companies and organizations reduce their environmental footprint.

Social loans support projects with a positive social impact, such as health and education projects, programmes to combat poverty, or social integration initiatives. These loans aim to improve the quality of life and promote social justice.

Transition loans aim to finance the transition of companies and sectors to more sustainable business models. These are in particular companies that commit to ambitious sustainability goals as part of financing or even already have climate targets that are compatible with the 1.5°C target.

You can find more information about our sustainable lending business and procedures in our ESG framework.

Target E3: Net-zero banking operations

As a key part of our sustainability strategy, our target is to reduce the CO_2 emissions of our banking operations to net zero by 2040. This applies to all Commerzbank AG locations in Germany and abroad. It also includes all direct and indirect emissions under our operational control. In setting this target, we have taken into account the interests of our stakeholders as well as the material climate-related impacts, risks and opportunities at the time of targeting. With this goal, we take our responsibility seriously and set an example for our customers and other stakeholders.

Our goal is to reduce Scope 1 and Scope 2 GHG emissions by 42% by 2030 compared to the base year 2021. This target has been validated by the Science Based Targets initiative (SBTi) as science-based and consistent with the Paris climate targets. We have already been able to significantly reduce our emissions in Germany. We achieve savings primarily through efficient and sustainable building management, for example by consistently using 100% green electricity for our own energy supply. When it comes to heat supply, we aim to gradually switch to renewable alternatives. Sustainable energy solutions are our top priority when selecting properties and modernising heating systems. The Group's total emissions are shown in the table opposite.

Reporting year 2024	tCO_2eq
Scope 1	
Scope 1 GHG emissions	**351.909**
Scope 2	
Scope 2 GHG emissions (location based)	**76.019**
Scope 2 GHG emissions (marked based)	**16.514**
Scope 3*	
Scope 3 GHG emissions Therefrom...	**74.371.739**
1 Purchased goods and services (paper and water)	1.639
3 Fuel and energy-related activities	53.233
4 Upstream transportation and distribution	6.358
5 Waste generated in operations	502
6 Business travel and logistic transport	12.222
7 Employee commuting and energy home office	32.448
15 Investments*	74.265.337
Total GHG emissions (location-based)	**74.799.667**
Total GHG emissions (market-based)	**74.740.162**

*Scope 3 does not contribute to the Net Zero target E3

We determine GHG emissions based on the standard of the Association for Environmental Management and Sustainability in Financial Institutions (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU)). This is aligned to internationally recognized guidelines such as the Greenhouse Gas (GHG) Protocol, the Carbon Disclosure Project (CDP), and the Global Reporting Initiative (GRI). Emissions are calculated as CO2 equivalents (CO_2eq), which makes it possible to compare the climate impact of different greenhouse gases. The GHG Protocol considers the following greenhouse gases: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Scope 1 includes direct emissions, for example through the consumption of gas, heating oil or fuel.

Scope 2 refers to emissions from purchased energy and is calculated according to two methods:

- → The location-based approach takes into account the local energy mix at the country level
- → The market-based approach takes into account the energy mix actually purchased

Scope 3 concerns other indirect emissions of the upstream and downstream value chain.

Imprint

Publisher:
Commerzbank AG
GM-STS Sustainability Management
Kaiserstraße 16
60311 Frankfurt am Main
E-Mail: nachhaltigkeit@commerzbank.com
www.commerzbank.de

Stand:
July 2025

Image credits:
Title: Goran, Adobe Stock
Page 2: Piotr Krzeslak, Adobe Stock
Page 3: Studio Dekorasyon, unsplash
Page 12: metamorworks, Adobe Stock
Page 20: Commerzbank AG
Page 21: IzzetNoyan, Adobe Stock

BANKING. RESPONSIBLE.

More information on our Website

COMMERZBANK

The bank at your side