

Annex – Information Environmental, social and governance (ESG) risks

Table of Contents

Introduction	2
Strategy and goals	2
Management bodies, organizational structure and remuneration	4
Qualitative Requirements	5
1. Environmental Risk	5
2. Social Risk	11
3. Governance Risk	22
Quantitative Requirements	24
Content of Template 1	24
Content of Template 2	28
Content of Template 4	30
Content of Template 5	30
Content of Template 10	38
List of abbreviations	41

Environmental, social and governance (ESG) risks

Introduction

The following disclosures are made in accordance with Article 449a of the CRR. The CRR requires large institutions that have issued securities admitted to trading on a regulated market of a Member State within the meaning of Article 4(1)(21) of Directive 2014/65/EU to disclose information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU. In addition, Implementing Regulations (EU) 2021/637 and (EU) 2022/2453 set out the technical implementing standards with regard to the disclosure of environmental, social and governance risks. They require both qualitative and quantitative information, including defined templates.

Disclosure will be implemented progressively, starting with the first tables and templates as at the reporting date 31 December 2022.

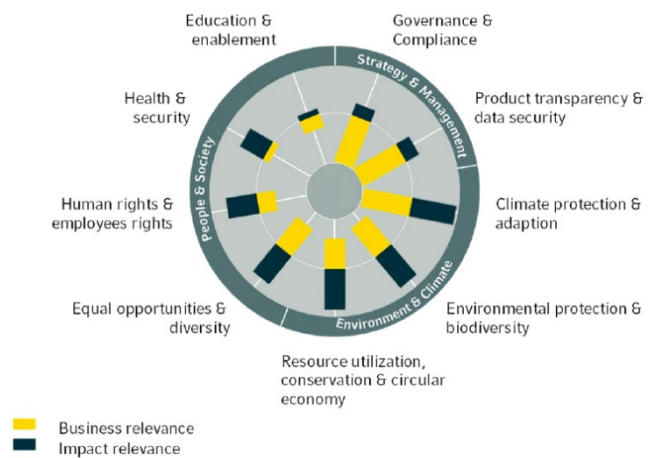
Further information on sustainability can also be found in our comprehensive sustainability reporting in accordance with international standards (including TCFD, GRD) and in Commerzbank's ESG framework on the sustainability portal of our website at [Commerzbank.de/en/Nachhaltigkeit](https://www.commerzbank.de/en/Nachhaltigkeit).

Strategy and goals

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.

Results matrix for the materiality analysis

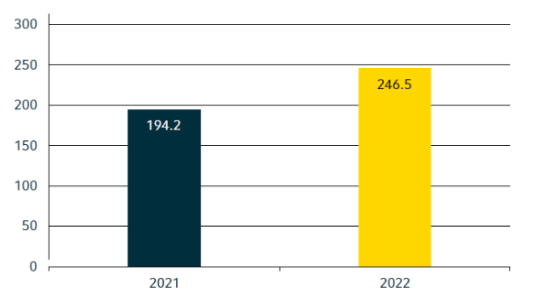


Companies can only be successful in business if their day-to-day activities are accepted by society and they meet their responsibility towards the environment and society. Sustainability is therefore one of the four cornerstones of Commerzbank's Strategy 2024. While we bear responsibility for the impact our business activity makes on the environment and society, our business success also depends on a number of non-financial aspects. Environmental, social and governance criteria are integrated into our risk management. And, of course, we also seek to set a good example in putting these criteria into action in our own banking operations.

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:

1. 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.
2. By 2025, we will mobilise €300bn for sustainable financial products. These products represent our sustainable business volume, with €100bn attributable 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. Key figure: By the end of 2022, Commerzbank Aktiengesellschaft had mobilised €246.5bn for sustainable financial products, out of a target of €300bn by the end of 2025.

Volume of sustainable financial products
€bn



3. 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.

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.

Our main subsidiaries have also established sustainability as part of their strategy. 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 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).

In addition to climate and environmental protection, social concerns and good corporate governance are likewise components of our overall view of sustainability. They feed into our business

activities through exclusion criteria and minimum standards as well as through internal policies, review processes and controls. Compliance with human rights in our own business activities as well as on the part of our business partners and customers plays a central role in this. We underpin this with strong governance and binding policies. In terms of social criteria we are guided by the Sustainable Development Goals and the principles of the UN Global Compact. We give particular attention to the protection of human rights, fair working conditions and equal opportunities. We also combat corruption and other forms of economic crime for which financial services may be misused.

Through the ESG framework published in July 2022 and updated in the first half of 2023, 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 (for details see chapter 2 Social risks).

Management bodies, organizational structure and remuneration

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. They complement any other ESG targets within the department and individual targets that may have already been in place in previous years. Alongside other ESG criteria, the Bank's sustainability targets are also embedded in our employee remuneration system as target criteria. They account for 25% of the qualitative targets, which together with target achievement in the quantitative element determine the level of variable remuneration in the remuneration model for non-pay-scale employees.

The Board of Managing Directors develops the Commerzbank Group's strategy, discusses it with the Supervisory Board and ensures it is implemented. Sustainability issues are included in the annual strategy process for the overall bank strategy and are discussed as required in meetings of the Board of Managing Directors. Each member of the Board of Managing Directors is responsible for implementing sustainability measures within their own divisional remit. The central sustainability management function reports to the Chairman of the Board of Managing Directors and regularly informs him about progress on sustainability issues and activities.

A cross-divisional decision-making and escalation body for sustainability, including matters relating to climate and other environmental risks, enables the sustainable orientation of the business model to be managed holistically. With this Group Sustainability Board, we have firmly embedded the wide-ranging issue of sustainability within the Bank's organisation. The Group Sustainability Board sets the Bank's strategic sustainability targets and monitors the measures for their implementation and management. In addition, the divisions and segments report regularly on the progress of their sustainability activities and the implementation of regulatory sustainability requirements. 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.

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. Furthermore, in 2022, an Officer for Human Rights was appointed to assume the responsibilities under the Supply Chain Due Diligence Act (LkSG). The Chief Compliance Officer (CCO) assumes this important and responsible task.

The following diagram summarises the roles and responsibilities for the sustainability topics at Commerzbank:



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.

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.

Qualitative Requirements

The qualitative requirements of Commission Implementing Regulation (EU) 2022/2453 include qualitative disclosures on environmental, social and governance risks. We therefore explain below how we take these risks into account in our business activities. The "Quantitative requirements" section then provides specific information on risks from climate change and associated details.

1. Environmental Risk

The transformation to a sustainable economic system is a long-term process. But the goal is non-negotiable. That is why we need to make sure we – and our clients – are on the right path. In order to be able to measure and evaluate progress – our own as well as that of our corporate and business clients – we are reviewing our new business portfolio on the basis of ESG criteria. Commerzbank defines environmental risks as climate risk as well as other environmental risks, in particular biodiversity risks.

Managing climate risk in our portfolio has two dimensions:

- the impact of Commerzbank on the environment ("save the world") and
- the impact of the environment on Commerzbank ("save the bank").

1.1 Climate Risk

In order to have a positive impact on climate change as part of the "save the world" dimension, we are pursuing the strategic objective of reducing the CO₂ emissions from 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.

Under the SBTi framework, we apply two different methodologies for target setting:

- The SDA is a method for setting physical intensity targets based on the convergence of emission intensities to a sector-specific target. For each sector, the physical CO₂ intensity of the portfolio is measured at a starting point, from which a target path to 2050 can be derived. For financial institutions, determining the emission intensity of their portfolio is the starting point for using the SDA to set CO₂ reduction targets. Portfolio emissions intensity refers to the financed emissions per unit of activity (e.g. kg CO₂e/m², kg CO₂e/kWh, kg CO₂e/t of cement).
- By means of the Temperature Rating Approach, financial institutions determine the current “temperature score” of

their portfolio based on the public emissions reduction targets of their borrowers. It allows financial institutions to align the temperature score of their portfolio in the base year with a long-term temperature target. The temperature rating (e.g. 2° C) indicates the temperature path a company is on depending on its targets – the lower the value, the more ambitious.

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. 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)

Asset class	Sectors	CO ₂ -reduction paths for the period to 2030			SBTi minimum coverage	Utilisation
Consumer loans	Residential mortgage loans	57 %	(1,5°)	2021: 46 kg CO ₂ /m ² 2030: 20 kg CO ₂ /m ²	Optional	€94bn
Project financing/ corporate loans and investments	Energy	74 %	(1,5°)	2021: 91 g CO ₂ /kWh 2030: 24 g CO ₂ /kWh	100 % of kWh	€7.4bn
Corporate loans	Commercial real estate, commercial use	68 %	(1,5°)	2021: 91 kg CO ₂ /m ² 2030: 30 kg CO ₂ /m ²	> 67 % of m ²	€8.3bn
	Commercial real estate, residential use	57 %	(1,5°)	2021: 36 kg CO ₂ /m ² 2030: 16 kg CO ₂ /m ²		
	Iron and steel	37 %	(1,8°)	2021: 1,6 t CO ₂ /t steel 2030: 1,0 t CO ₂ /t steel		
Corporate loans and investments	Cement	20 %	(1,8°)	2021: 0,6 t CO ₂ /t cement 2030: 0,5 t CO ₂ /t cement	> 67 % in total	€0.2bn
	Automotive manufacturing	31 %	(1,8°)	2021: 162 g CO ₂ /pkm 2030: 111 g CO ₂ /pkm		€0.3bn
	Aviation¹	22 %	(1,8°)	2021: 781 g CO ₂ /tkm 2030: 611 g CO ₂ /tkm		€1.8bn

¹ The SDA target for aviation does not yet form part of the SBA validation. This is because the SBTi's aviation SDA methodology is currently only designed for the real economy and not yet approved for financial institutions.

The portfolio targets are published in our ESG framework, in which regular updates on these targets and on our progress in achieving them will be provided.

Working with existing and new customers, we aim to reduce their environmental risks by means of the following measures:

1. Intensive customer dialogue, especially in the particularly affected sectors,
2. Providing the resources required for the transformation, including further expansion of the portfolio of renewable energies and green mortgage loans,
3. expansion of the sustainable product range,
4. differentiated pricing models, insofar as can be implemented appropriately for specific portfolios,
5. consistent implementation of the fossil fuels directive

We take the SBTi targets into account in our portfolio management. This happens on a portfolio-specific basis. The management of new and additional business in this respect is of particular importance. For the management of significant individual transactions in CO₂-intensive sectors, we have therefore established an additional process for evaluating new exposures in relation to our strategic targets, including climate neutrality. To do this, we check whether an exposure will tend to be above, on or below the CO₂ reduction path we seek to pursue. This assessment is taken into account in the final lending decision. The tools for SBTi portfolio management will be progressively extended.

Another element under the “save the world” dimension is our certified internal environmental and energy management system. This system is the responsibility of the Organisation & Security Group unit, which reports directly to the Board of Managing Directors. Operational environmental protection is also closely connected to many other departments to ensure that Commerzbank’s environmental guidelines are applicable to all areas of the Bank and to influence the Bank’s business activities.

Environmental- and energy-related measures are decided through line functions leading through to the full Board of Managing Directors. The environmental and energy management system and its regular reports give the full Board of Managing Directors a broadened basis for their decision-making. Through its environmental guidelines, Commerzbank has defined and published clear rules for conducting business in an environmentally responsible way.

The integrated environmental and energy management system at Commerzbank and 14 subsidiaries in Germany is certified by DNV Business Assurance Zertifizierung GmbH in accordance with the ISO 14001 and ISO 50001 standards. In 2022, the system covered 91% (Previous year: 92%) of Commerzbank’s electricity and heating energy consumption domestically and abroad and, thereby, stayed consistent. The reduced level of coverage results from a greater decline in electricity consumption in Germany compared to abroad. Local environmental and energy data is collected annually for all Commerzbank AG locations in Germany and abroad, and thus also beyond the boundaries of the environmental and energy

management system. With the help of Energy Performance Indicators (EnPIs), these are used for planning, evaluating and controlling environmental measures. Since the 2021 reporting year, the environmental data of Commerzbank Abroad have also been verified alongside the data of Commerzbank Germany AG. The commuting traffic figures were only identified in Germany, as the necessary basic statistical data for Commerzbank Abroad are not available.

The verification of Commerzbank Aktiengesellschaft was thus achieved ahead of schedule. Different sources were used to determine the environmental data abroad. Due to local specifics, these do not yet reach the quality level of the environmental data in Germany. For incomplete or qualitatively inferior data, extrapolations or estimates were made using suitable benchmarks. This mainly concerned the water consumption recorded for internal reporting and the amount of commercial municipal waste. As in previous years, commuter traffic figures were not determined for foreign countries, as the necessary basic statistical data are not available.

Commerzbank’s approximately 600 buildings (as per end 2022) in Germany have been supplied completely with green electricity since 2013. Our energy suppliers duly enter the guarantees of origin for our green electricity in the register of guarantees of origin, which excludes the possibility that a guarantee could be sold to the consumer more than once. These comprise European Energy Certificate System (EECS) guarantees of origin from hydroelectric plants that are not older than seven years and wind power plants (maximum share 20% per year).

Two new energy targets were set in 2020. It is planned to reduce total energy consumption by an average of 2% per year by 2025 compared to 2018. By the end of 2022, 34% had already been saved compared to 2018. In addition, electricity consumption per fulltime employee is to be kept constant until 2025 compared to the base year 2018 – despite increasing digitalisation. This goal has also been achieved to date. Specific electricity consumption was even reduced by 25% compared to 2018.

As part of the “save the world” dimension, 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, by contrast, arise as a result of changing climatic conditions and the associated more extreme and more frequent acute weather events, such as floods or heatwaves, or chronic effects, such as rising sea levels.

The materiality assessment is scenario-based, across risk types, taking a short, medium and long-term perspective for physical and transition risks. A comprehensive qualitative analysis of possible transmission channels is carried out, and in general scenario-based quantification is added. The climate scenarios used include those formulated by the Network for Greening the Financial System (NGFS). The internally established scenario analysis and stress testing infrastructure are used for this purpose.

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. No materiality was established for property value risks, liquidity risks and model risks. A risk type is considered to be materially influenced by climate risks as soon as it is materially affected by at least transition or physical climate risks.

Material risk types	Climate Risk Materiality Assessment		
	Overall	Transition Risk	Physical Risk
Credit Risk (incl. Counterparty Risk)	material	material	material
Market Risk	material	material	non-material
Operational Risk (incl. Compliance and Cyber Risk)	material	material	non-material
Reputational Risk	material	material	non-material
Physical Asset Risk	non-material	non-material	non-material
Business Risk	material	material	non-material
Liquidity Risk	non-material	non-material	non-material
Model Risk	non-material	non-material	non-material

The findings of the materiality analysis feed into 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 (Internal Capital Adequacy Assessment Process – ICAAP), such as the internal stress test framework and the risk bearing capacity concept. The materiality analysis for climate and environmental risks is therefore an integral part of the Commerzbank Group's risk governance. In 2022 Commerzbank took part in the ECB's SSM-wide climate risk stress test. Overall, the results confirmed the Bank's internal analyses and strategic approach: the potential impact from the scenarios is material, but currently not on a scale that is of relevance to solvency.

We examined the possible future impact of physical and transition risks on the loan portfolio once again as part of scenario analyses. To this end, we tested our portfolio in various scientific climate scenarios of the International Energy Agency (IEA, 1.8°C scenario for transition risks) and the Intergovernmental Panel on Climate Change (IPCC, 3-4°C scenario for physical risks) and we will also use the scenarios of the NGFS.

The analyses were carried out using a specific model that holistically translates the relevant parameters of a scenario into economic effects (changes in balance sheet ratios). With regard to

transition risks, changes in regulation, price changes, changes in supply and demand and the effects of technological changes are considered, among other things; in the case of physical risks, the effects of all relevant events (storm/hurricane, drought, heat, flood, sea level rise) are taken into account. Periods up to at least 2050 were considered.

Transition risks are industry-specific and can sometimes vary significantly between different sub-sectors of an industry (e.g. mechanical engineering). There is also a connection between the degree of adaptation of a company, i.e. its progress in the transition, and the risk. In the case of physical risks, the regional/geographical distribution of the portfolio is relevant, too.

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.

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. 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.

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.

According to the risk inventory, reputational risk – also assessed as material in terms of climate risks – is one of the main non-quantifiable risk types in the Commerzbank Group and is therefore managed as part of the overall risk strategy. There are no fixed upper limits for environmental risks: all portfolio components that are not

affected by our exclusion criteria are classified as transformation finance. In order to determine clearly which exposures meet our sustainability requirements and are thus part of sustainable finance, we have developed a transparent review system and our own criteria.

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. The bank has a clear stance on controversial issues such as arms, palm oil, deforestation or fossil energies. We are committed to respecting human rights and are contributing to their promotion and protection. 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. All sensitive issues, positions and directives are reviewed regularly and updated as necessary. Details on the review process and the criteria applied are set out in section 2.1.3 of this annex.

Market risk in relation to climate change risk was assessed on a portfolio basis and in particular from an economic perspective. Overall, Commerzbank is subject to market risks in sectors that are potentially affected by climate risks and that are sensitive in particular to credit spreads and equity exposure in affected sectors, as well as to interest rates; all of these risks are likely to increase depending on the adaptability of companies and of the world's economies. It can be inferred from the scenario-based volatilities specific to the climate scenario that climate-related transition risk is a material driver of market risk. For physical climate risk, no material effects were derived from the scenario calculation.

The positions particularly affected by climate risks are subject to regular monitoring, and the factoring in of climate risks in the New Product Process (NPP) has been further improved by including ESG-relevant criteria as potential parameters for pre-trade approval.

In the management of operational risks, sustainability issues are likewise quantified in a horizontal risk view in the form of specific scenario analyses. These include issues such as natural disasters, supplier or vendor failure, vandalism/terrorism (by activists) and greenwashing. Based on the scenario analyses carried out, a material impact for operational risks was established and corresponding control measures were implemented.

Given the particular importance of sustainability aspects, including environmental risks, for the overarching business strategy, climate risk is deemed a material risk driver for business risk. Business risk may potentially be affected in particular by secondary effects from reputational risk.

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.

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.

1.2 Biodiversity

In addition to climate risks, risks from the loss of biodiversity are also among the relevant environmental risks. Commerzbank is paying increasing attention to the issue by putting biodiversity at the centre of debates on sustainable development. Consequently, the result of our new materiality analysis from 2022 showed that biodiversity is one of our three most relevant topics. Compared to the previous materiality analysis, it can be seen that biodiversity has become more important for us as a bank.

For this reason, Commerzbank has been part of the Biodiversity in Good Company (BiGCI) since March 2022, in which Commerzbank, together with other companies, is committed to the sustainable utilisation of global biodiversity. The initiative acts as a dialogue platform for the continuous development of biodiversity management. By communicating best practices, companies and economic stakeholders are to learn from one another.

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.

In 2022 the materiality analysis examined for the first time the extent to which biodiversity is material as a 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 physical risk analysis focused on an assessment of the dependence on the ecosystem of sectors in which Commerzbank is represented through credit exposures. To do this, we used external data that classify the degree of dependence of sectors on the ecosystem, and we considered these data in conjunction with the volume of business in each sector.

In the case of transition biodiversity risks for credit risk, the negative impact of business activities on the environment and the consequences due to anticipated future regulatory changes to protect biodiversity were included. 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.

In order to obtain an overview and initial insights into biodiversity as a risk driver for market risk and in particular for credit spread risk, basic studies and research papers were evaluated. Given the fact that Commerzbank's exposure is diversified across different sectors and regions, no material biodiversity risks have currently been identified. Because global biodiversity targets are still at an early stage of development, volatility-induced financial risks are not (yet) taken into account. In this respect, as the following overview illustrates, there are currently no indications of materiality.

In our core business, we contribute to the protection of biodiversity through our positions and guidelines on environmental and

social risks. We have defined clear exclusion criteria. In addition, we take into account the extent to which the active companies are affecting biodiversity, especially in the agriculture, forestry and mining sectors. This includes, for example, the protection of areas designated as “High Conservation Value Areas” or “UNESCO World Heritage Sites”, or other protected areas, and the implementation of renaturation measures.

1.3 Products and Services with a specific Environmental Benefit

Global efforts to combat climate change require not only favourable political conditions and new technical solutions, but above all adequate financial resources. This offers numerous opportunities for us as a bank: the energy revolution and reduction in CO₂ emissions are creating a need for new technologies and products requiring large investments.

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 take account of regulatory requirements and market analysis in developing these products and we apply the Bank's own specialist and product expertise. 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. We check whether a product can be classified as sustainable within the framework of the NPP using defined criteria. The basis for this is our ESG framework.

A complete overview and detailed information on the products and services that we currently classify as sustainable as well as a description of the assessment method can be found in our ESG framework; further details are available in section 4 of our GRI report.

Material risk types	Biodiversity Risk Materiality Assessment		
	Overall	Transition Risk	Physical Risk
Credit Risk (incl. Counterparty Risk)	material	material	non-material
Market Risk	non-material	non-material	
Operational Risk (incl. Compliance and Cyber Risk)	non-material	non-material	
Reputational Risk	non-material	non-material	
Business Risk	non-material	non-material	
Liquidity Risk	non-material	non-material	
Model Risk	non-material	non-material	

2. Social Risk

International conventions stipulate a multitude of human rights. These have universal validity, are indivisible and inalienable. The conventions are addressed to states, which thus bear primary responsibility for the protection and enforcement of human rights. The preamble to the United Nations (UN) Universal Declaration of Human Rights calls on all actors in society, in addition to states, to contribute to guaranteeing these rights. Any breach of these human rights in their different aspects is a driver of social risk.

Social risk can also arise or be amplified as a result of indirect drivers. In particular, the steady deterioration of environmental conditions leads to increased social risk. Effects of climate change, such as water stress, may particularly affect a specific geographical area and its population. That may lead to or further exacerbate social disadvantages. Political unrest or increased migration pressure, again with negative social effects, may be the result. Changes in the legal or economic framework may also be indirect drivers of social risk. The transition towards a decarbonised economy may, for example, entail the loss of jobs in certain sectors. Through our strategic orientation, described in the first section, to accompany the sustainable transformation, and through our measures in climate and environmental protection, we thus also contribute indirectly to minimising the emergence of social risks.

Fulfilment of sanction measures by banks could lead to social risks, which are not intended by the regulator, if payments of humanitarian aid organizations are either not processed or delayed. Commerzbank acknowledges its social responsibility in this context and engages in tripartite discussions with government authorities, the financial industry, and non-governmental organizations, aiming to ensure the lawful and reliable facilitation of humanitarian transactions.

In the following, we explain what further measures we are taking to prevent our business activities from giving rise to social risk. We also describe the associated requirements that we place on our business partners and customers.

2.1. Human rights position

In 2019 we published a human rights position for our Group-wide commitment to human rights. We regularly review our position and optimise it on an ongoing basis.

The Board of Managing Directors of Commerzbank sees the responsibility for the protection and enforcement of human rights with itself. In 2022, an Officer for Human Rights was appointed to assume the responsibilities under the Supply Chain Due Diligence Act (LkSG). The Chief Compliance Officer (CCO) assumes this important and responsible task. In this function, he reports directly to the Chief Risk Officer.

The Officer for Human Rights is supported in his role by the bank's compliance organization to enforce the legal positions of the LkSG among employees and business partners of the corporation.

Additionally, the board is supported by other units to comprehensively encompass human rights standards within Commerzbank.

We make a granulated contribution to the promotion and respect of human rights within our sphere of influence. For us, there are primarily three relevant stakeholder groups: employees, suppliers and customers:

2.1.1 Employees

The basis of our human resources policy is the preservation of a corporate culture based on trust. A fair approach based on partnership is a prerequisite for long-term success. Continuity and future orientation play an important role here – as does a wide range of qualification and development opportunities. We want to offer to our employees a working environment in which they enjoy working successfully.

This is how we secure our company's long-term success. We therefore regularly survey our employees to identify their needs and incorporate them into the bank's development.

In addition to professional development, the most important goals include facilitating a healthy work-life balance and promoting the diversity of employees in our company. In doing so, we are committed on creating an inclusive culture for all employees. Another major concern is health protection. We offer a wide range of measures to provide our employees with targeted support in this regard.

Qualification

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.

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. The Bank seeks to promote the mental and physical health as well as the social well-being of its employees. 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. Responsibility for this lies with “Health Management” in Group Human Resources and “Safety Management” in Group Organisation & Security.

The specialists for occupational safety from the Safety Management department analyse working conditions on a continuous and holistic basis using the legally required risk assessment tools. To this end, for example, significant changes to work content are considered as a preventive measure when new software is introduced. We also consult employees and managers on a regular basis on various aspects such as work organisation or leadership and team topics.

In addition, Safety Management regularly inspects the Bank’s business premises every three to five years in order to assess the workplaces in a targeted manner with regard to any need for adaptation, but also to provide preventive advice to managers and employees with regard to ergonomics and health at the workplace.

In addition, we want to empower employees and managers to take responsibility for building up the resources with which they can adapt to changed requirements in the working world. This purpose is served preventive measures such as professional counselling or training – for example in dealing with stress and resilience. To this end, Commerzbank also cooperates with external partners. The IAS Group is responsible for the occupational health care of our employees nationwide. It also advises the Bank’s corporate health management in order to improve and expand the range of products and services in a needs-oriented and targeted manner. Insa Gesundheitsmanagement GmbH provides content on the topics of exercise and nutrition in the form of digital or face-to-face seminars.

Several works’ agreements on the topics of “Fairness at the Workplace”, “Preventing Addiction”, “Company Integration Management” and “Computer Workstations” also regulate health-oriented working at the Bank.

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.

A hybrid model combining home and onsite 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.

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.

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 #theLworkout 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.

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. 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.

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.

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 is-sues 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.

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.

In addition to social risks in dealing with our employees, which we mitigate through the above principles and measures, there are also personnel risks, defined as operational risks. These are dealt with separately in the relevant section on page 127 of the Pillar 3 Report as of 31 December 2022.

2.1.2 Business Partners

When choosing our business partners, we also contribute to the respect and promotion of human rights within the scope of our possibilities. In our Code of Conduct (Code of Conduct, see chapter 3) we establish Commerzbank's understanding of human rights for our business partners worldwide, and our commitment with upholding them. Compliance with human rights standards by our suppliers and service providers is also an integral part of our purchasing and procurement guidelines. Our procurement standards clearly regulate the ecological, social, and ethical requirements for our suppliers and service providers. All suppliers and service providers who do business with us ensure that they comply with the specific human rights and environmental requirements set out in this standard. Furthermore, our business partners also require suppliers and service providers to comply with the relevant requirements. Compliance with social standards is the subject of annual supplier meetings. During supplier selection, event-related analyses are carried out by the Reputational Risk Management. Violations of these standards by business partners can lead to the termination of the business relationship.

Since the enactment of the LkSG on January 1, 2023, Commerzbank AG is subject to regulatory and legal obligations to ensure appropriate internal security measures and controls for the prevention and remedy of human rights and environmental protection. In line with these duties, the compliance risk management conducts a thorough risk analysis to identify human rights and environmentally related risks within its own business operations as well as among suppliers, and to identify vulnerable groups across the entire supply chain. In the presence of such risks, effective and appropriate remedial measures are taken in accordance with the guidelines of the Federal Office for Economic Affairs and Export Control (BAFA), which contribute in the short, medium and long term to preventing or terminating human rights or environmental violations or minimizing their risks. All measures and related processes are regularly reviewed for their effectiveness and continuously developed.

Furthermore, a group-wide complaint procedure has been established, providing employees, suppliers, and third parties with the means to alert Commerzbank AG to potential human rights violations and environmental breaches within the supply chain and its own business operations. The fulfilment of LkSG due diligence is documented in the annual BAFA report for the preceding fiscal year and made accessible to the public.

2.1.3 Customers

We also take human rights aspects into account in our business activities with our customers. Fairness and competence are our guiding values when dealing with our customers. To this end, we have evaluated and aligned our products, consulting, and services to

meet our standards of fairness and competence as well as responsibility and sustainability. Transparency and traceability of products and services are just as important as respect, recognition, and responsibility in daily activities (see 2.3).

Universal human rights are protected by national and international legislation. In addition to our employees in the segments, employees of the Compliance division assess whether all national and international laws and guidelines are observed by us. When we enter into new customer relationships, we carry out comprehensive checks and documentation in compliance with all relevant legal and regulatory requirements in line with the know-your-customer (KYC) principle.

In this way, our employees help us to fulfil our corporate responsibility. Among other things, they ensure compliance with embargos and sanctions against regimes that violate human rights, as well as the implementation of measures aimed to prevent money laundering and terrorist financing. Central to this are the customer due diligence obligations, under which involve conducting a risk assessment of the customer by considering various criteria.

Our checks in this context include whether there is negative information on the customer's reputation and standing, in particular with regard to criminal or ethical allegations, charges or convictions, as well as information on whether measures or sanctions under civil, administrative or criminal law, including public warnings, have been imposed by a court or regulatory body and, if so, how serious they were and whether the customer has remedied the deficiencies identified.

The customer's risk rating affects ongoing review requirements when entering into a business relationship and for existing business relationships. Customer due diligence obligations are part of our comprehensive compliance risk management system, the structure of which is set out in greater detail in chapter 3 and in section Governance Risk.

The applicable internal guidelines for carrying out these measures are reviewed and updated at least once a year. Moreover, changes are made during the year as necessary due to altered regulations.

In addition, Reputational Risk Management intensively researches and analyses business transactions and business relationships in which human rights play a significant role towards providing a differentiated assessment. These can, for example, occur in sectors concerning mining, raw materials extraction, or cotton production. The assessment may lead to the rejection of corresponding transactions or to the termination of respective business relationships.

The assessment is based on defined environmental and social minimum standards, as well as associated exclusion criteria and assessment criteria, which are set out in detail below.

NACE-Sector	Context/Exclusions/Assessment criteria
A Deforestation and agricultural commodities	<p>Context: The destruction of the rainforest is proceeding at an ever-increasing pace. Most tropical rainforest deforestation is due to the cultivation of agricultural commodities such as palm oil or soy. This deforestation leads to loss of biodiversity and threatens valuable functions in the ecosystem. Late harvesting and the use of harmful pesticides and fertilisers pollute air and water. Poor working conditions and low wages for farm workers, who often include children, are also associated with the issue. In the areas of deforestation and agricultural commodities, Commerzbank takes into account the sub-issues of cotton, wood, palm oil, pulp and paper, cattle breeding, soybean cultivation and tobacco, with regard to its business and business relationships</p> <p>Exclusions: Commerzbank excludes business and business relationships with palm oil-related companies that are not members of the Roundtable on Sustainable Palm Oil (RSPO).</p> <p>Assessment criteria: In addition to general environmental and social risks, Commerzbank also looks specifically at the following in business relationships with companies that are active in the area of deforestation and agricultural commodities, including specifically</p> <ul style="list-style-type: none"> • compliance with human rights (in particular the rights of local communities and indigenous peoples), • compliance with working conditions in accordance with the standards of the International Labour Organization (ILO), • references to child and forced labour, • the use of environmentally harmful chemicals and illegal logging or uncontrolled forest fire clearance, • the protection of areas designated as “High Conservation Value Areas” or “UNESCO World Heritage Sites” or other protected areas (if necessary, with the involvement of local specialists or NGOs). <p>We pay particular attention to the following aspects of the above-mentioned sub-topics:</p> <p>Cotton: In business relationships with companies in the cotton industry, Commerzbank evaluates the membership of its clients in the Better Cotton Initiative positively.</p> <p>Wood, paper, and pulp: In business relationships with companies in the wood, paper, and pulp industries, we pay attention to compliance with requirements in the wood industry through certification by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification Schemes (PEFC).</p> <p>Palm oil: The production of palm oil has major ecological and social impacts worldwide. This is why we are particularly critical in this area. When assessing business relationships, Commerzbank follows the guidelines adopted by the RSPO and has implemented a three-stage assessment process:</p> <ol style="list-style-type: none"> 1. Mandatory membership of the customer in the RSPO, 2. certification of products and supply chain or at least existence of a schedule of planned measures for sustainable production, and 3. media check of the company with regard to current criticism by NGOs and the media due to ecological or social aspects. <p>Cattle farming: In business relationships with cattle breeders or beef producers in the Amazon Basin, Commerzbank takes certification by the Global Roundtable for Sustainable Beef into account.</p> <p>Soy cultivation: In business relationships with companies from the soy industry in the Amazon Basin, certification by the Round Table on Responsible Soy (RTRS) is important to us.</p> <p>Tobacco: Business relationships with tobacco producers and cigarette manufacturers are subject to a detailed case-by-case review at Commerzbank.</p>
B Mining	<p>Context: Raw materials such as coal, uranium, diamonds, base and precious metals, ferrous and non-ferrous metals (including aluminum, lithium or silver) or rare earths (non-exhaustive list) are extracted through mining. Conflict materials are tin, tantalum, tungsten, respective ores and gold, which are mined in conflict and high-risk areas, thus potentially resulting in the financing of armed groups through these mining activities. These raw materials are essential for many economic sectors. Nevertheless, mining projects often have negative impacts on the environment and local residents.</p> <p>Exclusions: The following applies to uranium mining: Commerzbank does not finance uranium mines. The following applies to gold: Commerzbank only purchases gold from suppliers who apply the Organisation for Economic Co-operation and Development (OECD) guidelines or comparable regulations.</p> <p>Assessment criteria: In the subject area of mining, Commerzbank evaluates business and business relationships with reference to the mining of any raw materials outside the countries of the Organization for Economic Cooperation and Development (OECD) or in conflict and high-risk areas. For the mining of fossil fuels such as coal, the guideline for fossil fuels adopted by the Board of Managing Directors of Commerzbank AG applies (section D, Fossil Fuels).</p> <p>When assessing mining-related business and business relationships, we generally take into account</p> <ul style="list-style-type: none"> • the way in which the company operates the mine (e.g. pollution of the environment through discharge of toxic chemicals, reprocessing of overburden), • the protection of areas designated as “High Conservation Value Areas” or “UNESCO World Heritage Sites” or other protected areas (if necessary, with the involvement of local specialists or NGOs), • respect for human rights, in particular the rights of local communities and indigenous peoples, • compliance with minimum standards of occupational safety and working conditions in accordance with the standards of the International Labour Organization (ILO), • the implementation of renaturation measures.

NACE-Sector	Context/Exclusions/Assessment criteria
C Energy	<p>Context: Energy production is associated with many risks: Burning fossil fuels exacerbates the climate crisis. The operation of nuclear power plants, including the complex disposal of waste, carries the risk of releasing radioactive radiation. Larger hydropower projects can be associated with risks for the environment and the local population. In addition to the inherent risks to people and the environment posed by individual energy sources, the construction of new power plants can lead to the displacement of indigenous peoples or the destruction of nature reserves with the associated loss of biodiversity. In the energy sector, Commerzbank pays particular attention to the sub-topics of energy generation from fossil sources, nuclear power, and hydropower. Energy generation from fossil fuels is dealt with separately in section D (Fossil fuels).</p> <p>Exclusions: The following applies to nuclear power: Commerzbank does not finance new nuclear power plants</p> <p>Assessment criteria: For business and business relationships related to the energy sector, we generally look for</p> <ul style="list-style-type: none"> • the conduction of environmental impact assessments, • the protection of areas designated as “High Conservation Value Areas” or “UNESCO World Heritage Sites” or other protected areas (if necessary, with the involvement of local specialists or NGOs), • respect for human rights (especially the rights of local communities and indigenous peoples). <p>In the sub-topics mentioned, we particularly consider the following aspects:</p> <p>Nuclear power: Following the reactor catastrophe in Fukushima, Japan, Germany decided to phase out nuclear power. In addition to excluding the financing of new nuclear power plants, we subject other business and business relationships related to nuclear power to a critical case-by-case review, which can lead to rejection.</p> <p>Hydropower: In addition to the general positions and guidelines applicable to the energy sector, Commerzbank takes into account potential conflicts arising from competition for water resources (e.g. between neighbouring countries) and compliance with the recommendations of the World Commission on Dams (WCD) for business and business relationships involving hydropower.</p>
D Fossil fuels	<p>Context: The burning of fossil fuels is a major contributor to climate change. As such, the burning of thermal coal, oil, and gas for energy production is highly criticised. Their extraction also carries risks and often negatively impacts other environmental aspects, indigenous peoples, workers, and local residents. The German government now wants to phase out coal combustion by 2030. At the international level, the 2015 Paris Agreement calls for limiting global warming to well below 2° C – or preferably 1.5° C. Yet oil and gas are still essential for the global energy supply.</p> <p>The Board of Managing Directors of Commerzbank AG has issued clear rules for dealing with business partners and business in the fossil fuels sector within the framework of the binding "Guideline for fossil fuel-related business and business relationships at Commerzbank AG". For coal, the guideline covers the key elements of the process chain from extraction through infrastructure to power generation in power plants.¹ The underlying data for the guideline, which has been in force since 2022, is the Global Coal Exit List, which is compiled and regularly updated by the non-governmental organisation Urgewald. In the oil and gas sector, the key areas of the upstream, midstream and downstream sectors are subject to binding regulations. In the context of oil and gas, we use the Global Oil and Gas Exit List as a means of operationalisation.</p> <p>Exclusions: The following exclusionary criteria apply to the fossil fuel sector:</p> <ul style="list-style-type: none"> • No financing of mining projects related to coal extraction through the Mountain Removal (MTR) process and no business relations with companies that extract coal through this process. • No financing of projects for the expansion or new construction of coal mines, coal infrastructure, and coal-fired power plants. • No new business relationships with companies that are active in the coal mining sector, the coal infrastructure sector or the energy supply sector and exceed the threshold of 20% (coal share of revenue or power generation) or that have expansion plans in the coal sector. • No funding for any oil and gas extraction projects (conventional and unconventional development methods such as fracking, arctic drilling, tar sands, ultra-deep-water drilling). • No financing for projects for new oil-fired power plants. • No new business relationships with companies with expansion plans in the oil and gas sector. <p>Our expectations of our clients</p> <p>We expect our clients involved in coal mining, coal infrastructure, or coal-fired power generation to</p> <ul style="list-style-type: none"> • generate no more than 20% of their sales or power generation from coal and • have no plans to expand in this field of business. <p>If clients do not currently meet these requirements, they must submit a plan by the end of 2025 of how to phase out coal by 2030. Moreover, no expansion in the coal sector will be permitted after the end of 2025. If these conditions are not met, Commerzbank will terminate the business relationship.²</p> <p>We also expect a sustainable transformation from our clients in the oil and gas sector. For this reason, Reputational Risk Management performs an annual critical case-by-case assessment of customer relationships with regard to environmental and social aspects. This assessment can lead to the termination of a business relationship.</p>

¹ Municipal utilities don't fall within the scope of the guideline because of their contribution to energy security.

² In order to meet our societal responsibility and not to endanger a secure energy supply, operators of coal-fired power plants that have been classified as systemically relevant by the Federal Network Agency are excluded from this regulation. The status of the system relevance as well as transformation efforts will of course be continuously checked and evaluated.

NACE-Sector	Context/Exclusions/Assessment criteria
	<p>Other requirements:</p> <p>Modernisation of coal-fired power plants: Financing of projects for the modernisation of coal-fired power plants will be assessed critically on a case-by-case basis. Factors such as lifetime extensions, retrofits, and conversions (e.g. to biomass), reduction of pollutant emissions through better filters, and "Carbon Capture, Utilisation, and Storage (CCUS)" technologies will be considered.</p> <p>Other provisions for financing projects: Financing of projects for the construction of new pipelines and Liquefied Natural Gas (LNG) infrastructure, new gas-fired power plants, and new dual-fuel power plants will be critically assessed on a case-by-case basis by Reputational Risk Management.</p>
	<p>Assessment criteria: In addition to general environmental and social risks, Commerzbank also looks specifically at business relationships and business involving fossil fuels and takes into account:</p> <ul style="list-style-type: none"> • the way in which the company operates the mine or explores the oil and gas fields (e.g. pollution of the environment through the discharge of toxic chemicals, further processing of excavated material), • the protection of areas designated as "High Conservation Value Areas" or "UNESCO World Heritage Sites" or other protected areas (if necessary, with the involvement of local specialists or non-governmental organisations), • respect for human rights, in particular the rights of local communities and indigenous peoples, • compliance with minimum standards of occupational safety and working conditions in accordance with the standards of the International Labour Organization (ILO), • the implementation of renaturation projects.
E. Defence and surveillance technology	<p>Context: Commerzbank recognizes self-defence as an inherent right of states, especially in the context of Article 51 of the Charter of the United Nations. Hence, we do not question the necessity of the German Armed Forces ("Bundeswehr") and its appropriate equipment. Therefore, we continue to finance arms manufacturers that produce arms and weapons systems for the Federal Republic of Germany and its allies, such as the European Union. Nevertheless, with the introduction of the Guideline Governing Armaments Transactions in 2008, we set clear boundaries for business and business relationships relating to the critical defence sector. With the revision of our guideline, we have broadened these boundaries. The revised Guideline on Defence and Surveillance Technology was adopted by Commerzbank's Board of Managing Directors in January 2023. It is based on positions of the German government, the European Union, the United Nations, on other international agreements as well as on principles of various non-governmental organizations and sets out clear rules and restrictions.</p>
	<p>Principles and exclusion criteria: Business and business relationships involving arms and weapons equipment are generally only possible within the framework of the following principles and exclusion criteria:</p>
	<p>1. Conflict zones and areas of tension</p>
	<p>When assessing recipient countries in the context of arms business, criteria such as the current human rights situation, the fragility of states and the involvement in conflicts or wars are taken into account. For this purpose, we use renowned sources of information such as the Heidelberg Conflict Barometer of the Heidelberg Institute for International Conflict Research (HIK) or the database of the Bonn International Centre for Conflict Studies (BICC). In general, the following applies:</p> <ul style="list-style-type: none"> • Commerzbank does not participate in the financing of arms business involving countries classified as conflict zones and areas of tension. • Commerzbank does not enter into business relationships with arms manufacturers based in conflict zones or areas of tension.
	<p>2. Controversial weapons</p>
	<p>Controversial weapons are military weapons that either cause disproportionate suffering to combatants or result in large numbers of casualties among uninvolved victims, particularly civilians. Many of these weapons are banned or prohibited by international agreements, making their production or use illegal in many countries. In the context of controversial weapons, the following applies:</p> <ul style="list-style-type: none"> • Commerzbank does not participate in the financing of delivery transactions related to controversial weapons. • Commerzbank does not enter into business relationships with arms manufacturers who produce banned and prohibited weapons. The following are currently considered to be banned and prohibited weapons: Cluster munitions, anti-personnel mines, incendiary weapons, permanently blinding laser weapons, depleted uranium, and biological as well as chemical weapons. • Commerzbank does not enter into new business relationships with arms manufacturers who produce white phosphorus bombs or other white phosphorus weapons. Commerzbank expects existing clients involved in the production of white phosphorus weapons systems to submit an exit plan outlining the phase-out of such weapons by the end of 2025.

NACE-Sector	Context/Exclusions/Assessment criteria
	<p>3. Autonomous weapons Commerzbank does not participate in the financing of business related to fully autonomous weapons systems. Fully autonomous weapons systems (also referred to as: lethal autonomous weapons systems, LAWS) are those in which no further human intervention is required for target selection and engagement.</p> <p>4. Governmental end-recipients Commerzbank generally only participates in the financing of arms business in which the final recipient is clearly identifiable and is a government body.</p> <p>5. Laws and regulations Commerzbank expects business partners to comply with all laws and regulations (e.g., embargo regulations, export license requirements, etc.).</p>
	<p>Assessment of other business and business relationships relating to defence and surveillance technology: Arms business and business relationships with arms companies not covered by the previously mentioned exclusion criteria are critically assessed on a case-by-case basis. In this context, Reputational Risk Management conducts a comprehensive evaluation based on external and internal information sources. The assessment can lead to the rejection of arms business and the termination or rejection of business relationships.</p> <p>Oppressive countries are increasingly using surveillance technologies to monitor and persecute, for example, human rights activists, certain population groups, journalists or opposition figures. Therefore, Reputational Risk Management critically assesses business relationships with companies that produce goods for digital surveillance, as well as the financing of respective business on an individual basis.</p>
F Ship breaking	<p>Context: Hundreds of ships are broken up every year, mainly in Asia. This is an important source of income for local economies and satisfies a significant part of the regional demand for steel. However, the ship breaking often takes place under poor working conditions that regularly leads to industrial accidents and fatalities. Moreover, this activity often pollutes coasts and seas.</p> <p>Exclusions: Commerzbank does not support business with shipyards that cannot demonstrate certification to EU standards or internationally recognised environmental and social standards.</p> <p>Assessment criteria: In order to counteract the risks described above, we verify that shipyards are certified according to EU standards or internationally recognised environmental and social standards (such as ISO 14001, ISO 30000, ISO 45001, Hong Kong Convention or IMO Resolution MEPC.210(63) "Guidelines for safe and environmentally sound ship recycling").</p>
G Textil	<p>Context: Textile production in its entire manufacturing process, from cotton cultivation to processing, is the subject of public controversy due to child labour, other human rights violations, and international labour standards.</p> <p>Assessment criteria: In business relationships with companies in the textile industry, we ensure that our clients are members of the Alliance for Sustainable Textiles or the Ethical Trading Initiative.</p>
H Petrochemistry	<p>Context: Petrochemistry refers to the production of chemical products – such as precursors for the production of plastics – from natural gas and oil. According to forecasts by the International Energy Agency, the petrochemical sector is expected to account for more than a third of oil demand growth by 2030, or half of oil demand by 2050. This is heavily criticized due to the climate crisis. In addition, petrochemical companies are often criticized for environmental pollution, especially water and groundwater pollution, the resulting effects on the population, improper disposal of waste products and damage to the health of employees.</p> <p>Assessment criteria: Business relationships with petrochemical companies and petrochemical projects are critically assessed on a case-by-case basis at Commerzbank.</p>

In the ongoing evaluation of business and business relationships, we review and assess whether these standards are met on an individual basis. To this end, we draw on information and reports from non-governmental organisations (NGOs) and analysts as well as media reports and company publications. The final evaluation of environmental and social risks is then carried out in reputational risk management using a five-point scale (none, low, medium, significant, high). This detailed assessment can lead to the rejection of the product, the business or even the business relationship itself.

In serious cases (high reputational risk), Reputational Risk Management has the option of imposing a veto, which can only be resolved by escalating the matter to the Board of Management level. We regularly update our assessment criteria for environmental, social, and reputational risks to reflect dynamic developments in the various areas. To this end, we continuously monitor publications by the media, NGOs and sustainability rating agencies on ecologically and socially controversial projects, companies and topics.

2.2 Customer dialog and fair advice

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. 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.

SME topics are at the heart of Commerzbank’s “Unternehmerperspektiven” 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.

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.

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.

2.3 Products and Services designed to deliver a specific Social Benefit

It is not easy to clearly separate products and services designed to deliver a specific social benefit from other products and services because the social benefit depends largely on the customer's motives for buying the product or service, which are beyond the scope of any analysis that Commerzbank is capable of performing. Nevertheless, the Bank does have a range of offers, particularly in the private customers segment, that feature a social benefit component. They include, in particular, residential property and pension plans. Commerzbank's gross home loan business totalled around 2,64 billion euros in 2022.

In the currently very volatile environment of rising interest rates, the focus is primarily on follow-up financing for existing properties. Personal pension plans and insurance against life risks have remained key advisory topics for customers. In the insurance business, agreements on subsidised "Riester" products and basic pension covers worth a total of around 120 million euros were concluded during the reporting year. Commerzbank's provision portfolio includes products for risk protection, such as term life insurance and occupational disability insurance, as well as additional products for the formation of a pension provision plan (private pension).

The current situation in society as a whole does not leave people unscathed. In order to give financial relief to private customers in the current situation of high inflation rates and tight energy supply, we continue to offer the instalment breaks introduced for instalment loans in the context of the coronavirus pandemic, which go beyond the legally prescribed deferrals. We inform our customers in good time when the instalment break will end.

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). A complete overview and detailed information on the products and services that we classify as sustainable as well as a description of the assessment method can, as indicated above, be found in our ESG framework; further details are also available in section 4 of our GRI report.

2.4 Social commitment

We also consider justice, participation and social cohesion to be important elements in preventing or mitigating social risk. Together with partners from business and society, we therefore implement a wide range of projects and initiatives that make a contribution to society.

Commerzbank Aktiengesellschaft also donated more than €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.

Commerzbank Aktiengesellschaft is also involved in the "Finanz-Heldinnen" ("financial heroines") initiative to get more women interested in finance. The initiative was set up in early 2018 by a group of female comdirect employees with the aim of making a positive contribution to society. To help women become better acquainted with the topic of finance and make independent financial decisions, the financial heroines convey their knowledge through a variety of formats including an online magazine, podcasts, after-work events and an Instagram channel, as well as the bestselling "Manager Magazin" book "Der Finanzplaner für Frauen" ("Financial planner for women").

As a corporate citizen, Commerz Real wants to make an active contribution to society in the communities in which it operates. The Little Home project is an example of how the company's core business can be combined with its social responsibility: at the annual Social Day in September 2022, some 200 employees worked with the Little Home association to build ten temporary houses for people with no fixed abode. These small wooden container-style homes are equipped with basic necessities and are provided to homeless people by the association as a first step back into society. Commerz Real financed a total of 25 Little Homes through this cooperation in 2022. Commerz Real is also continuing its existing work supporting disadvantaged children and promoting digital education.

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 hot-line for these customers, staffed by Ukrainian-speaking specialists.

Environmental internship

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.

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.

The mFoundation in Poland focus-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.

2.5 Maintaining dialogue

Receiving feedback from and exchanging ideas with stakeholders is important to Commerzbank. We maintain close contact with our key stakeholder groups through in-person meetings, discussion events, strategic partnerships, as well as numerous forms of public communication, such as our website and our annual sustainability report that we publish as per established standards. We use these formats to provide information about our sustainability goals and progress towards achieving them, but also to learn as an organisation from feedback.

In addition to the important dialogue with our clients described above, we also communicate regularly with our investors on ESG issues, and our sustainability commitment is regularly reviewed by the rating agencies.

For Commerzbank, active dialogue with NGOs is also a decision-making and planning aid for our corporate strategy. For instance, prior to the presentation of the fossil fuel guideline published in December 2021, we held intensive consultations with one NGO in particular, which had offered critical support for previous guidelines and made constructive suggestions for improvement.

As a commercial bank with international operations, Commerzbank is expected by policymakers and the general public to issue statements on relevant economic policy issues. In order to act as an advocate for political stakeholders at both German and international level, we maintain liaison offices in Berlin, at the European Union in Brussels, and at the International Institute of Finance (IIF) in Washington. Here, the responsible Public Affairs department follows the political- regulatory debates and upcoming legislative proposals. After analysing these, we develop our own positions on the relevant issues and discuss them with stakeholders from the political arena. Commerzbank is registered on the EU's transparency register and on the lobby register of the German parliament. We have summarised principles and guidance for our work in this area in our publicly available policy on political communication.

3. Governance Risk

We understand governance to refer to responsible corporate management in line with the interests of internal and external stakeholders. That of course includes compliance with national and international laws, but it also encompasses in particular the consideration of ethical standards.

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.

Compliance with our code of conduct is ensured through a comprehensive set of internal rules, appropriate audit processes and controls, and corresponding organisational structures.

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.

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 has been set up to ensure the requirements.

In this context, further instruments for the identification, quantification and management of social risk and corresponding reporting structures are being established.

Group Compliance acts as the second line of defence, the “global functional lead”, and thus defines minimum Group-wide standards for the Bank.

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, the management of conflict of interest as well as on protecting investors. The bank operates a whistle-blower system, which allows anonymous reports from employees, customers, and third parties regarding potential rule violations, and diligently follows up on such reports, e.g. through internal investigations.

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 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.

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.

This includes further bank-wide specific measures such as explicit guidelines regarding gifts and invitations. Additionally, our business partners are continuously screened for corruption-related hits in commercial databases on a risk-based approach during both the business initiation phase and throughout the business relationship. Since several years Commerzbank’s newly negotiated contracts with service providers have included a mandatory integrity clause. For all these measures, 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 anticorruption training for all employees.

When business interests are at opposite to each other, conflicts of interest may arise. Commerzbank does everything in its power to rule out such conflicts from the outset. However, that is not always possible. We therefore expect our employees to act with diligence and integrity, to behave lawfully and professionally, to observe market standards and, in particular, to consider the client’s interest at all times. Our global conflicts of interest policy lays down rules on how to deal with personal and transaction-related conflicts of interest. The policy describes how conflicts of interest are to be handled in accordance with Commerzbank’s code of conduct, which is binding on all employees and management, and thus in line with Commerzbank’s corporate values.

The Global Policy for Conflicts of Interest is reviewed and updated at least every 12 months. In the event of a significant occurrence, such as regulatory changes, an unscheduled review (ad-hoc adjustment) is conducted promptly. Further information on the management of compliance risks can be found in section G. Other risks on page 123 of this report; details on the assessment of new and existing client relationships can be found in section 2.1.3 of this annex.

3.1 Complaints Procedure

An appropriate and effective complaints mechanism (alternatively whistleblowing) is an important part of our due diligence processes to effectively prevent and remedy potential adverse human rights and environmental impacts in our own business and supply chain. Therefore, we have aligned our whistleblowing system Business Keeper Monitoring System (BKMS) with the requirements of the LkSG. In addition to the established contact channels through this online whistleblowing platform employees, suppliers, and third parties can provide information to the Commerzbank Group. It provides a confidential communication channel to re-port possible violations of human and environmental rights. Access to the whistleblowing system is communicated appropriately. Reports can also be made in anonymous form and are possible both from inside and out-side the company. All reported indications and reasonable suspicions about possible violations of human and environmental rights are processed within the framework of a transparent, balanced, and predictable process for all parties involved. The confidentiality and anonymity of whistle blowers is respected. We guarantee, as far as possible and within our sphere of influence, that they are protected from discrimination and punishment in connection with the complaints they submit. Our systematic handling of complaints and the knowledge gained from them enables us to continuously improve our human and environmental due diligence processes. This approach can be found in our publicly accessible Code of Procedure – Complaints Process.

Quantitative Requirements

The quantitative requirements under Commission Implementing Regulation (EU) 2022/2453 include quantitative information on transition risks from climate change, physical risks from climate change, risk mitigation measures relating to environmentally sustainable economic activities¹ and other risk mitigation measures and risk positions from climate-change-related risks². This disclosure report as of 30 June 2023 shows the required information for templates 1, 2, 4, 5 and 10.

The disclosure requirements will be progressively expanded in subsequent reporting cycles. In the case of templates 6, 7 and 8 based on the EU taxonomy, the timing is based on the reporting obligations set out in the Taxonomy Regulation. For the disclosure of absolute scope 1, 2 and 3 greenhouse gas emissions in template 1 and for the presentation of the alignment metrics (template 3), a transitional period until June 2024 is envisaged given that data availability is currently still very limited; we are making use of this transition period.

We have developed our decarbonisation targets on the basis of the SBTi method and have selected associated portfolio sizes. The reduction paths are calculated on the basis of sector-specific emissions intensities.

In order to disclose the absolute emissions of our clients, additional client data need to be collected. Hitherto there has been no general obligation for companies to collect or publish these data. The values are therefore not or not yet available for all clients.

In order to close existing data gaps for the calculation of financed emissions in the best possible way, it is therefore necessary to establish bank-specific estimation and calculation procedures in addition to the available information. We have drawn up these procedures in principle. We will continue to develop them until the time of publication. We assume that the share of the portfolio for which client data are available will increase over time in line with the extension of reporting obligations for companies in the next few years within the framework of non-financial reporting (CSRD).

For the calculation of the alignment metrics, we have already taken the first step in determining the CO₂ reduction paths within the framework of our SBTi commitment by calculating CO₂ intensities for particularly CO₂-intensive sectors. In order to comply fully with the disclosure requirements of the template, we will further develop this methodology, expand the scope of the sectors and integrate additional data sources.

A transitional period also applies in Template 1 and Template 4 for the separate disclosure of items that are considered environmentally sustainable according to the Climate Change Mitigation (CCM) classification. For the disclosure of these positions, a transitional period applies, as for the EU-Taxonomy Reporting, with 31 December 2023 as the first reporting date.

Content of Template 1

Template 1 discloses information on risk positions vis-à-vis non-financial corporations operating in sectors with high CO₂ emissions. As at the current reporting date, this includes the quality of these risk positions, including non-performing status and classification to stage 2, as well as maturity bands. Risk positions of companies that are excluded from the Paris Agreement because of their economic activity or main activity in accordance with the requirements in Article 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818 (EU Climate Transition Benchmarks Regulation) are presented separately.

Template 1 covers the information pursuant to Article 449a of the CRR as of 30 June 2023.

¹ Economic activities deemed environmentally sustainable within the meaning of Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council (*1) vis-à-vis counterparties subject to Articles 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council (*2), vis-à-vis households and vis-à-vis local authorities in accordance with point 42(b) of Part 1 of Annex V to Commission Implementing Regulation (EU) 2021/451 (*3).

² Climate-change-related risks that do not qualify as environmentally sustainable economic activities within the meaning of Article 3 of Regulation (EU) 2020/852 but support counterparties in the transition or adaptation process towards the objectives of climate change mitigation and adaptation.

Template 1: Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity (Banking book)

	a	b	d	e	f	g	h	i	m	n	o	p
Sector/subsector	Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	€m	excluded from this ¹	Of which stage 2	Of which non-performing exposures	Of which stage 2 exposures	Of which non-performing exposures						
1 Exposures towards sectors that highly contribute to climate change*	86 283	12 974	5 374	2 938	-2 002	-208	-1 602	62 247	14 671	6 967	2 398	4,2
2 A - Agriculture, forestry	721	0	65	17	-9	-1	-7	584	90	44	2	2,4
3 B - Mining and quarrying	1 697	900	3	574	-208	0	-207	1 327	185	185	0	3,4
4 B.05 - Mining of coal and lignite b	162	145	0	134	-36	0	-36	114	35	12	0	3,5
5 B.06 - Extraction of crude petroleum and natural gas	729	729	0	0	0	0	0	459	98	172	0	4,6
6 B.07 - Mining of metal ores	236	0	0	146	-26	0	-26	219	17	0	0	2,2
7 B.08 - Other mining and quarrying	542	0	2	293	-145	0	-145	527	14	1	0	2,1
8 B.09 - Mining support service activities	27	26	1	0	0	0	0	7	20	0	0	5,8
9 C - Manufacturing	33 587	1 504	2 499	1 214	-919	-103	-721	28 640	4 384	558	5	2,2
10 C.10 - Manufacture of food products	2 899	0	262	44	-43	-17	-14	2 432	428	39	0	2,3
11 C.11 - Manufacture of beverages	339	0	34	5	-1	0	0	266	70	3	0	3,5
12 C.12 - Manufacture of tobacco products	303	0	0	0	0	0	0	303	0	0	0	2,1
13 C.13 - Manufacture of textiles	323	0	21	11	-8	-1	-7	207	94	22	0	3,8
14 C.14 - Manufacture of wearing apparel	237	0	19	24	-17	-1	-15	232	4	0	0	1,7
15 C.15 - Manufacture of leather and related products	121	0	6	16	-4	0	-3	121	1	0	0	2,9
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	596	0	109	12	-5	-5	0	463	132	2	0	2,8
17 C.17 - Manufacture of pulp, paper and paperboard	832	0	164	4	-5	-3	-1	621	173	37	0	3,0
18 C.18 - Printing and service activities related to printing	224	0	20	18	-12	-1	-10	154	66	5	0	3,9
19 C.19 - Manufacture of coke oven products	623	622	0	68	-7	0	-6	164	458	0	0	5,2

	a	b	d	e	f	g	h	i	m	n	o	p
Sector/subsector	Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	€m	excluded from this	Of which	Of which		Of which	Of which					
		stage 1	stage 2	non-performing exposures		stage 2 exposures	non-performing exposures					
20 C.20 - Production of chemicals	2 510	540	314	21	-24	-11	-8	2 059	328	123	0	2,8
21 C.21 - Manufacture of pharmaceutical preparations	1 271	0	8	0	-2	-1	0	1 097	149	26	0	2,7
22 C.22 - Manufacture of rubber products	1 526	0	106	35	-20	-4	-15	1 309	178	39	0	2,4
23 C.23 - Manufacture of other non-metallic mineral products	1 091	0	112	9	-8	-3	-4	943	139	9	0	2,9
24 C.24 - Manufacture of basic metals	1 583	342	96	97	-28	-2	-25	1 289	267	26	0	2,1
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	2 412	0	140	92	-61	-7	-51	2 065	312	34	2	2,4
26 C.26 - Manufacture of computer, electronic and optical products	2 292	0	93	36	-13	-3	-7	1 691	583	17	0	3,0
27 C.27 - Manufacture of electrical equipment	1 447	0	72	29	-27	-4	-22	1 268	106	72	0	2,3
28 C.28 - Manufacture of machinery and equipment n.e.c.	4 055	0	338	148	-118	-17	-97	3 624	373	55	3	1,9
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	6 324	0	381	449	-452	-17	-382	5 979	326	19	0	1,2
30 C.30 - Manufacture of other transport equipment	1 113	0	47	57	-29	-1	-27	1 028	80	5	0	1,2
31 C.31 - Manufacture of furniture	301	0	47	31	-25	-2	-22	259	34	8	0	2,8
32 C.32 - Other manufacturing	1 060	0	95	4	-5	-2	-2	965	78	16	0	1,9
33 C.33 - Repair and installation of machinery and equipment	106	0	13	5	-5	-1	-3	102	3	1	0	2,0
34 D - Electricity, gas, steam and air conditioning supply	10 929	9 103	285	12	-46	-7	-28	4 618	3 702	2 258	352	7,0
35 D35.1 - Electric power generation, transmission and distribution	10 510	8 782	279	3	-40	-7	-22	4 377	3 551	2 236	346	7,1
36 D35.11 - Production of electricity	8 695	7 940	214	3	-37	-7	-22	3 351	3 023	1 988	333	7,6
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	301	223	6	1	-1	0	-1	168	113	20	0	5,1
38 D35.3 - Steam and air conditioning supply	118	98	1	8	-5	0	-5	73	39	1	6	4,8
39 E - Water supply; sewerage, waste management and remediation activities	2 749	0	18	8	-7	-1	-3	1 463	260	374	651	9,7

	a	b	d	e	f	g	h	i	m	n	o	p	
Sector/subsector	Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
	€m	excluded from this ¹	Of which stage 2	Of which non-performing exposures	Of which stage 2 exposures	Of which non-performing exposures							
40	F – Construction	2 982	0	211	114	-95	-13	-70	2 573	299	76	35	3,1
41	F.41 - Construction of buildings	1 363	0	105	44	-36	-4	-26	1 164	154	13	33	3,6
42	F.42 - Civil engineering	680	0	32	34	-26	-2	-22	593	71	15	1	2,4
43	F.43 - Specialised construction activities	939	0	75	36	-32	-7	-22	815	74	48	1	3,0
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	13 579	1 275	855	430	-304	-38	-227	12 255	1 059	261	4	1,8
45	H - Transportation and storage	6 445	192	359	126	-56	-4	-41	4 386	1 589	463	7	4,1
46	H.49 - Land transport and transport via pipelines	2 080	192	115	30	-28	-3	-20	1 614	287	178	1	3,5
47	H.50 - Water transport	352	0	152	8	-9	0	-8	157	153	43	0	6,6
48	H.51 - Air transport	1 799	0	62	78	-10	0	-7	783	852	164	0	5,7
49	H.52 - Warehousing and support activities for transportation	2 107	0	27	8	-8	-1	-5	1 803	220	78	6	2,7
50	H.53 - Postal and courier activities	107	0	2	2	-2	0	-2	29	77	0	0	5,2
51	I - Accommodation and food service activities	950	0	305	68	-30	-7	-22	709	190	51	0	3,7
52	L - Real estate activities	12 644	0	774	376	-328	-34	-276	5 692	2 913	2 697	1 342	8,8
53	Exposures towards sectors other than those that highly contribute to climate change*	17 647	0	939	404	-226	-226	1	11 441	2 978	1 319	1 908	8,2
54	K - Financial and insurance activities	0	0	0	0	0	0	0	0	0	0	0	0,0
55	Exposures to other sectors (NACE codes J, M - U)	17 647	0	939	404	-226	-226	1	11 441	2 978	1 319	1 908	8,2
56	Total	103 930	12 974	6 314	3 342	-2 229	-434	-1 601	73 688	17 649	8 287	4 306	4,9

¹ Of which risk positions vis-à-vis companies excluded from the EU benchmarks as per the Paris Agreement under Article 12(1)(d) to (g) and Article 12(2) of Regulation (EU) 2020/1818.

* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (Climate Transition Benchmarks Regulation), recital 6: Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

The banking book positions (loans and advances, debt securities and equity instruments not held for trading) vis-à-vis non-financial corporations shown in template 1 are allocated to the respective NACE sectors on the basis of the counterparty's main activity. 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. The figures as of 30 June 2023 show a basic distribution of risk positions across all NACE sectors, but we have only a small exposure in some of the sectors particularly affected (e.g. agriculture). Sectors that could potentially be more significantly affected by climate risks and that have a larger exposure are, for example, the energy sector and manufacturing industry.

Within the large position in the manufacturing industry, however, there is a high degree of heterogeneity in terms of the impact of climate risks. While some sub-sectors (e.g. steel production, cement production, automotive suppliers) are considerably affected by transition risks, climate risks are less pronounced in other sub-sectors.

The risk positions in the sectors shown have predominantly (71%) short maturities of less than 5 years; only 4% have maturities of over 20 years. The share of risk positions with significant deterioration in credit quality (stage 2) is approx. 6%; the share of non-performing positions is approx. 3%.

The reported gross carrying amount of companies that are excluded from the Paris Agreement because of their economic activity or main activity in accordance with the requirements in Article 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818 (EU Climate Transition Benchmarks Regulation) have currently been determined (owing to lack of data) on the basis of the NACE code of the counterparty. As soon as a company meets the exclusion criteria of

Article 12(1)(d) to (g) of the EU Climate Transition Benchmarks Regulation on the basis of its NACE code, the total risk positions vis-à-vis these companies are shown in column b as excluded from the EU benchmarks under the Paris Agreement.

The gross carrying amount of €13.0bn shown in the template represent a total of 12.5% of the total portfolio of non-financial corporations; of this amount, €9.1bn (8.8%) is attributable to sector D, energy supply.

Content of Template 2

Aggregate information for loans secured by real estate is to be disclosed in template 2. The basis is the energy consumption of the properties, broken down by energy consumption categories, based on the specific consumption of the underlying property. The loans/receivables, irrespective of customer group, are broken down according to the type of property by which they are secured. A distinction is made between commercial and residential real estate and real estate collateral transferred to the Bank's ownership within and outside the EU. The positions are to be published by energy efficiency buckets based on the specific energy consumption of the collateral in kWh/m² as indicated in the Energy performance certificate (EPC) of the collateral. If no EPC label is available, e.g. for properties outside the EU, or for owner-occupied properties, the specific energy consumption (energy performance score) and the EPC label of the collateral are estimated.

Template 2 covers the information pursuant to Article 449a of the CRR as of 30 June 2023.

Template 2: Indicators of potential climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral (Banking book)

Counterparty sector	a €m	b Total gross carrying amount €m						c Level of energy efficiency (EP score in kWh/m ² of collateral)						d Level of energy efficiency (EPC label of collateral)						e Without EPC label of collateral									
		f 0; <= 100		g > 100; <= 200		h > 200; <= 300		i > 300; <= 400		j > 400; <= 500		k A		l B		m C		n D		o E		p F		G		of which estimated*			
1 Total EU area	127 679	49 572	53 297	5 617	300	57	79	14 216	21 886	10 070	12 127	11 876	11 409	15 186	30 908	99%													
2 Of which Loans collateralised by commercial immovable property	18 211	6 642	673	105	4	17	33	46	3 134	128	162	173	134	83	14 351	98%													
3 Of which Loans collateralised by residential immovable property	109 468	42 930	52 624	5 511	296	40	45	14 171	18 752	9 941	11 966	11 704	11 276	15 103	16 557	100%													
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-													
5 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	108 682	49 519	53 201	5 549	300	40	73	0	0	0	0	0	0	0	30 652	100%													
6 Total non-EU area	1 089	470	413	39	1	0	0	89	157	90	111	107	90	50	395	100%													
7 Of which Loans collateralised by commercial immovable property	237	97	5	0	0	0	0	0	0	0	2	1	1	0	232	100%													
8 Of which Loans collateralised by residential immovable property	851	373	408	39	1	0	0	89	157	90	109	106	89	50	162	100%													
9 Of which Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-													
10 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	922	470	413	39	1	0	0	0	0	0	0	0	0	0	395	100%													

* of which level of energy efficiency (EP score in kWh/ m² of collateral) estimated.

Currently, Commerzbank is not purchasing collateral in the event of loan defaults, and as a result, there is no reporting for real estate collateral obtain to its own portfolio and the rows 4 and 9 are blank.

For the allocation of exposures as EU/non-EU, we apply the requirements of the EU taxonomy analogously to the European Economic Area (EEA), which accounts for around 99% of the gross carrying amount shown.

The vast majority of loans secured by real estate are secured by residential properties (and these predominantly in Germany), which is to be expected given the focus of our business model. As at the current reporting date, the allocation to energy efficiency classes is based on estimates from external data providers. Over time, we will increasingly rely on our own data for the disclosures, which we are now collecting for our portfolio.

Template 4: Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms (Banking book)

	a	b	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Weighted average maturity	Number of top 20 polluting firms included
	€m	in %	years	
1	514	0,13	2,86	8

* For counterparties among the top 20 carbon emitting companies in the world.

As at the reporting date, the portfolio contained risk positions of €514m vis-à-vis 8 of the 20 most CO₂-intensive companies in the world. The gross carrying amount was calculated on the basis of the entire Group including all subsidiaries.

The Board of Managing Directors of Commerzbank AG has laid down clear rules for handling business relationships and transactions in the area of fossil fuels. These rules are set out in a binding policy on transactions and client relationships with a connection to fossil fuels. With regard to coal, this policy covers the essential elements of the process chain from extraction through infrastructure to conversion into electricity in power plants. The data basis for the policy, which has applied since 2022, is the Global Coal Exit List, which is compiled and regularly updated by the non-governmental organisation Urgewalt. In the oil and gas sector, binding rules are laid down for the upstream, midstream and downstream sectors. As already outlined in section 2.3, we expect our clients that are active in coal mining, coal infrastructure or coal-fired power generation

- to generate less than 20% of their revenue or electricity generation from coal; and
- not to pursue any expansion plans in this field.

If counterparties do not meet these requirements at this stage, by the end of 2025 they must submit a plan to phase out coal by 2030. In addition, no expansion in the coal sector will be permitted from the end of 2025. If the requirements are not met, Commerzbank will terminate the business relationship.

Content of Template 4

Template 4 shows the aggregated risk positions vis-à-vis the 20 companies with the highest emissions worldwide pursuant to Article 449a of the CRR as of 30 June 2023.

The definition of the companies with the highest carbon emissions is based on the currently available list of the top 20 polluters from the Carbon Majors Database produced by the Carbon Disclosure Project (CDP).

We also expect a sustainable transformation from our clients in the oil and gas sector. For this reason, Reputational Risk Management subjects client relationships to an annual critical case-by-case assessment of environmental and social aspects.

Content of Template 5

Template 5 discloses information on risk positions that are subject to or vulnerable to physical climate change risks. Information is shown on positions vis-à-vis non-financial corporations (NFCs) by specific sectors, on loans secured by residential or commercial real estate and on real estate taken into possession. The classification is based on the vulnerability of risk positions to both acute and chronic physical climate change risks. The calculation and allocation logic is described below.

Calculation of physical risks

Physical risks for non-financial corporations are calculated on the basis of data from an external data provider. The latter determines the expected changes in the profits (EBITDA) of companies for the year 2050, under the assumption of the predefined climate scenario IPCC RCP 4.5 produced by the IPCC, which result from damage caused by physical hazards. The median of the modelled annual frequency distribution is used for the frequency of the hazards.

For each counterparty classified as a non-financial corporation, the EBITDA change for each of the following hazards is calculated via the external data provider:

- Regarding chronic physical risk:
 - drought
 - sea level rise
- Regarding acute physical risk:
 - convective storm
 - tropical cyclone
 - wildfire
 - flooding
 - heatwave

If, for a particular counterparty, the change in EBITDA for a hazard is less than or equal to a threshold, that counterparty is classified as vulnerable to chronic or acute physical risk according to the hazard classification. The following designations are possible for each counterparty:

- The counterparty has no vulnerability to physical climate risks.
- The counterparty is vulnerable only to chronic physical climate risks.
- The counterparty is vulnerable only to acute physical climate risks.
- The counterparty is vulnerable to both chronic and acute physical climate risks.

The threshold is set as the 10% quantile of the average annual EBITDA change in 2050 assuming the IPCC RCP 4.5 climate scenario – derived from the external data provider for all possible combinations of sector (NACE level 3), country (all countries worldwide) and hazard. The number of simulated hazard events is set at the median of the internal frequency distribution from the external data provider.

Calculation of physical risks in real estate collateral

For the collateral, only the flood risk (acute physical risk) is assessed, as it is the most material physical risk for Commerzbank's portfolio, which is heavily concentrated in Germany. A collateral is designated as vulnerable to acute physical risk if the collateral is associated with a region (NUTS3) with high flood risk. The NUTS3 code is determined on the basis of the postcode information of the collateral and the mapping tables provided by the European Commission.

The flood risk severity of a NUTS3 code is determined based on the flood risk map published by the ECB in the context of the ECB 2022 climate risk stress test. The flood risk map includes all EU countries and all EU candidate countries as well as the countries of the European Free Trade Association (EFTA) (as at the end of 2021). Only collateral located in these countries will have one of the following:

- The collateral has no vulnerability to physical climate risks.
- The collateral is vulnerable only to acute physical climate risks.

Template 5 covers the information pursuant to Article 449a of the CRR as of 30 June 2023.

Template 5: Indicators of potential climate change physical risk: Exposures subject to physical risk. (Banking book)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Geographical area* Germany	Gross carrying amount														
	of which exposures sensitive to impact from climate change physical events														
	€m	Breakdown by maturity bucket						Of which A	Of which B	Of which C	Of which stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 <= 10 years	> 10 <= 20 years	> 20 years	Ø maturity	Of which stage 2 exposures						Of which non-performing exposures		
1	A - Agriculture, forestry	567	374	71	44	2	2,8	491	0	0	59	14	-7	-1	-5
2	B - Mining and quarrying	102	0	0	0	0	0,0	0	0	0	0	0	0	0	0
3	C - Manufacturing	20214	1779	466	52	0	2,8	123	0	2174	284	25	-20	-11	-6
4	D - Electricity, gas, steam and air conditioning supply	5637	0	0	0	0	0,0	0	0	0	0	0	0	0	0
5	E - Water supply; sewerage, waste management and remediation activities	1633	0	0	0	0	0,0	0	0	0	0	0	0	0	0
6	F - Construction	1236	0	0	0	0	0,0	0	0	0	0	0	0	0	0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	8298	0	0	0	0	0,0	0	0	0	0	0	0	0	0
8	H - Transportation and storage	3056	0	0	0	0	0,0	0	0	0	0	0	0	0	0
9	L - Real estate activities	9091	1	0	1	0	8,8	1	0	1	1	0	0	0	0
10	Loans collateralised by residential immovable property	2829	1	2	0	0	10,2	0	3	0	0	0	0	0	0
11	Loans collateralised by commercial immovable property	10318	16	7	10	14	11,6	0	47	0	2	0	0	0	0
12	Reposessed collaterals	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	7786	28	13	2	6	6,2	32	0	17	8	0	-1	0	0

* Variable: geographical area affected by physical risks from climate change – acute and chronic events.

A of which risk positions vulnerable to the effects of chronic events resulting from climate change.

B of which risk positions vulnerable to the effects of acute events resulting from climate change.

C of which risk positions vulnerable to the effects of chronic and acute events resulting from climate change.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Geographical area*	Gross carrying amount														
Western Europe	of which exposures sensitive to impact from climate change physical events														
	€m	Breakdown by maturity bucket					Of which A	Of which B	Of which C	Of which stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Ø maturity							Of which stage 2 exposures	Of which non-performing exposures	
1	A - Agriculture, forestry	6	6	0	0	0	2,9	6	0	0	0	0	0	0	0
2	B - Mining and quarrying	567	0	0	0	0	0,0	0	0	0	0	0	0	0	0
3	C - Manufacturing	6 145	1 762	137	17	0	1,9	204	795	918	188	6	-15	-11	-2
4	D - Electricity, gas, steam and air conditioning supply	1 803	0	0	0	0	0,0	0	0	0	0	0	0	0	0
5	E - Water supply; sewerage, waste management and remediation activities	971	0	0	0	0	0,0	0	0	0	0	0	0	0	0
6	F - Construction	364	0	0	0	0	0,0	0	0	0	0	0	0	0	0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1 438	0	0	0	0	0,0	0	0	0	0	0	0	0	0
8	H - Transportation and storage	1 151	44	0	0	0	2,5	9	35	0	29	0	0	0	0
9	L - Real estate activities	2 048	0	0	0	0	0,0	0	0	0	0	0	0	0	0
10	Loans collateralised by residential immovable property	282	0	0	0	0	0,0	0	0	0	0	0	0	0	0
11	Loans collateralised by commercial immovable property	1 101	0	0	0	0	0,0	0	0	0	0	0	0	0	0
12	Repossessed collaterals	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	5 232	0	0	0	82	30,0	0	82	0	0	0	0	0	0

* Variable: geographical area affected by physical risks from climate change – acute and chronic events.

A of which risk positions vulnerable to the effects of chronic events resulting from climate change.

B of which risk positions vulnerable to the effects of acute events resulting from climate change.

C of which risk positions vulnerable to the effects of chronic and acute events resulting from climate change.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Geographical area* Central and Eastern Europe	Gross carrying amount														
	of which exposures sensitive to impact from climate change physical events														
	€m	Breakdown by maturity bucket					Of which A	Of which B	Of which C	Of which stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		<= 5 years	> 5 <= 10 years	> 10 <= 20 years	> 20 years	Ø maturity						Of which stage 2 exposures	Of which non-performing exposures		
1	A - Agriculture, forestry	75	6	2	0	0	3,8	0	7	0	0	0	0	0	0
2	B - Mining and quarrying	641	1	0	0	0	2,8	0	1	0	0	0	0	0	0
3	C - Manufacturing	3461	221	63	2	0	3,3	41	243	2	54	3	-3	-1	-2
4	D - Electricity, gas, steam and air conditioning supply	1083	14	7	3	0	9,2	16	8	0	0	0	0	0	0
5	E - Water supply; sewerage, waste management and remediation activities	121	12	0	0	0	2,8	6	6	0	1	1	0	0	0
6	F - Construction	1368	52	2	1	0	2,1	0	54	0	6	3	-3	-0	-2
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2952	130	4	1	0	1,9	7	128	0	9	6	-5	-1	-4
8	H - Transportation and storage	739	39	2	0	0	2,5	0	40	0	5	1	-1	0	-1
9	L - Real estate activities	1488	64	5	1	0	4,3	0	70	0	6	0	-1	0	0
10	Loans collateralised by residential immovable property	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
11	Loans collateralised by commercial immovable property	3404	152	21	8	0	4,9	140	40	0	9	5	-4	-1	-2
12	Repossessed collaterals	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	3117	91	27	3	0	4,0	0	120	0	15	6	-5	-1	-3

* Variable: geographical area affected by physical risks from climate change – acute and chronic events.

A of which risk positions vulnerable to the effects of chronic events resulting from climate change.

B of which risk positions vulnerable to the effects of acute events resulting from climate change.

C of which risk positions vulnerable to the effects of chronic and acute events resulting from climate change.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Geographical area* North America	Gross carrying amount														
	of which exposures sensitive to impact from climate change physical events														
	€m	Breakdown by maturity bucket					Of which A	Of which B	Of which C	Of which stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		<= 5 years	> 5 <= 10 years	> 10 <= 20 years	> 20 years	Ø maturity						Of which stage 2 exposures	Of which non-performing exposures		
1	A - Agriculture, forestry	51	42	9	0	0	3,2	0	0	51	0	0	0	0	0
2	B - Mining and quarrying	147	51	19	0	0	2,9	0	70	0	0	0	0	0	0
3	C - Manufacturing	1960	1264	258	0	0	2,2	0	1335	187	12	4	-7	-2	-4
4	D - Electricity, gas, steam and air conditioning supply	2069	582	631	21	0	4,5	0	1234	0	0	0	-1	0	0
5	E - Water supply; sewerage, waste management and remediation activities	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
6	F - Construction	3	3	0	0	0	1,2	0	3	0	0	0	0	0	0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	189	34	0	0	0	2,1	0	34	0	0	0	0	0	0
8	H - Transportation and storage	319	79	197	43	0	7,7	0	319	0	89	0	0	0	0
9	L - Real estate activities	17	9	0	0	0	0,1	0	9	0	0	0	0	0	0
10	Loans collateralised by residential immovable property	8	0	0	0	0	0,0	0	0	0	0	0	0	0	0
11	Loans collateralised by commercial immovable property	31	0	0	0	0	0,0	0	0	0	0	0	0	0	0
12	Repossessed collaterals	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	2047	474	528	19	0	3,6	0	1021	0	0	0	-1	0	0

* Variable: geographical area affected by physical risks from climate change – acute and chronic events.

A of which risk positions vulnerable to the effects of chronic events resulting from climate change.

B of which risk positions vulnerable to the effects of acute events resulting from climate change.

C of which risk positions vulnerable to the effects of chronic and acute events resulting from climate change.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Geographical area*	Gross carrying amount														
	Asia	of which exposures sensitive to impact from climate change physical events													
€m		Breakdown by maturity bucket					Of which A	Of which B	Of which C	Of which stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Of which stage 2 exposures	Of which non-performing exposures
		<= 5 years	> 5 <= 10 years	> 10 <= 20 years	> 20 years	Ø maturity									
1	A - Agriculture, forestry	1	0	1	0	0	6,3	0	0	1	0	1	0	0	0
2	B - Mining and quarrying	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
3	C - Manufacturing	1478	424	434	56	0	4,4	212	692	11	12	6	-1	0	-1
4	D - Electricity, gas, steam and air conditioning supply	144	26	75	4	0	5,4	97	8	0	0	0	0	0	0
5	E - Water supply; sewerage, waste management and remediation activities	25	0	0	0	0	0,0	0	0	0	0	0	0	0	0
6	F - Construction	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	649	1	0	0	0	0,3	0	1	0	0	0	0	0	0
8	H - Transportation and storage	1019	0	0	0	0	0,0	0	0	0	0	0	0	0	0
9	L - Real estate activities	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
10	Loans collateralised by residential immovable property	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
11	Loans collateralised by commercial immovable property	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
12	Reposessed collaterals	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	369	58	0	0	0	2,0	0	58	0	0	0	0	0	0

* Variable: geographical area affected by physical risks from climate change – acute and chronic events.

A of which risk positions vulnerable to the effects of chronic events resulting from climate change.

B of which risk positions vulnerable to the effects of acute events resulting from climate change.

C of which risk positions vulnerable to the effects of chronic and acute events resulting from climate change.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Geographical area* Other	Gross carrying amount														
	of which exposures sensitive to impact from climate change physical events														
	€m	Breakdown by maturity bucket					Of which A	Of which B	Of which C	Of which stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
		<= 5 years	> 5 <= 10 years	> 10 <= 20 years	> 20 years	Ø maturity						Of which stage 2 exposures	Of which non-performing exposures		
1	A - Agriculture, forestry	22	22	0	0	0	3,5	22	0	0	0	0	0	0	0
2	B - Mining and quarrying	241	0	0	0	0	0,0	0	0	0	0	0	0	0	0
3	C - Manufacturing	328	90	143	0	0	5,3	32	200	1	0	2	0	0	0
4	D - Electricity, gas, steam and air conditioning supply	192	5	141	0	0	6,9	146	0	0	5	0	0	0	0
5	E - Water supply; sewerage, waste management and remediation activities	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
6	F - Construction	11	0	0	0	0	1,4	0	0	0	0	0	0	0	0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	54	6	0	0	0	1,3	0	6	0	0	0	0	0	0
8	H - Transportation and storage	162	84	0	0	0	2,4	0	84	0	63	0	0	0	0
9	L - Real estate activities	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
10	Loans collateralised by residential immovable property	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
11	Loans collateralised by commercial immovable property	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
12	Reposessed collaterals	0	0	0	0	0	0,0	0	0	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	45	0	15	0	0	5,3	0	15	0	0	15	0	0	0

* Variable: geographical area affected by physical risks from climate change – acute and chronic events.

A of which risk positions vulnerable to the effects of chronic events resulting from climate change.

B of which risk positions vulnerable to the effects of acute events resulting from climate change.

C of which risk positions vulnerable to the effects of chronic and acute events resulting from climate change.

Because of the geographical focus of the Commerzbank portfolio in Germany and western Europe (around 74% of the portfolio), which is also clearly visible from template 5, the overall impact of physical climate risks is limited, as both some chronic types of risk (e.g. sea level rise) and acute types of hazard (e.g. tropical cyclones) are likely to occur to a lesser extent in these regions than in other parts of the world.

Given the high share of the manufacturing sector in our overall portfolio (approx. 32%), it is in this sector that we also expect the greatest physical risks from chronic and acute hazards, as well as from a combination of both hazard types, based on the models used, with acute physical risks playing the greater role. In energy supply, too, significant parts of the portfolio may be affected, especially by acute physical risks.

The relatively greatest physical risk is to be expected in the agricultural sector owing to droughts as a chronic physical risk. However, given the very small share of this sector in our overall portfolio (less than 1%), the influence on Commerzbank of this sector, which is particularly affected by physical risks, is of secondary importance overall.

Among the other relevant sectors (row 13), NACE sector J - Information and communication with physical risks amounts to around 0.8 billion Euro by far the largest share. This mainly applies to the regions of North America and Central and Eastern Europe.

Overall, the validity of climate risk assessments that look into the distant future is still fundamentally constrained by limited experience, limited availability of data and, in particular, a dependence on modelling that is subject to high levels of uncertainty. In the coming years, we will take advantage of opportunities that arise to improve the underlying data, to test further developed models and to adapt our methodology if necessary.

Content of Template 10

Template 10 discloses risk positions that support the transition and adaptation process with regard to climate change mitigation and adaptation goals and that are not included in templates 6, 7 and 8 (green asset ratio), i.e. are not taxonomy-aligned as referred to in Regulation (EU) 2020/852. For the reporting date 30 June 2023, the relevant tables for the taxonomy are not yet included; these will be reported for the first time on 31 December 2023. Taxonomy alignment cannot be assessed until the taxonomy classification has been carried out. As at the current reporting date, all risk positions are therefore presented in template 10 which, because of their characteristics, are related to aspects of climate change and thus generally support the transition and adaptation process with regard to climate change mitigation and adaptation goals. The basis for the selection is Commerzbank's ESG framework. From the products classified as sustainable, the risk positions that contribute to mitigating transition risks from climate change have been selected. The taxonomy alignment of these positions will not be assessed until the taxonomy classification is conducted. Sustainable loans from the corporate and private business customers were considered, as well as sustainable bonds in the Bank's own portfolio.

Template 10 covers the information pursuant to Article 449a of the CRR as of 30 June 2023.

Template 10: Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852

a	b	c	d	e	f
Type of financial instrument	Type of counterparty	Gross carrying amount (€m)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards) Financial corporations	1 363	Yes	-	Green Bonds, Sustainability Bonds, CBI Aligned Green bonds, CBI Certified Green Bonds
2	Non-financial corporations	332	Yes	-	Green Bonds, Sustainability Bonds, CBI Aligned Green bonds, Sustainability Linked Bonds
3	Of which Loans collateralised by commercial immovable property	0	-	-	
4	Other counterparties	203	Yes	-	Green Bonds, Sustainability Bonds, CBI Aligned Green bond
5	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards) Financial corporations	203	Yes	-	KfW programmes for corporate clients (Energy-Efficient Refurbishment), (Energy-Efficient Construction)
6	Non-financial corporations	5 418	Yes	-	- Financing of renewable energies from the Center of Competence Energy (CoC) - Green mortgage loans - KfW sustainability programmes for corporate clients - Commercial CBU (Commerzbank Universal Credit) with a sustainability-oriented purpose
7	Of which Loans collateralised by commercial immovable property	30	Yes	-	
8	Households	10 987	Yes	-	- Green retail mortgage loans - KfW programmes for private clients
9	Of which Loans collateralised by residential immovable property	9 492	Yes	-	
10	Of which building renovation loans	23	Yes	-	
11	Other counterparties	1	Yes	-	Public funding programmes

The risk positions covered include the following products, which were included because of the characteristics described below:

Green retail mortgage loans

The green mortgage loans scheme introduced in September 2019 finances the construction, modernisation or acquisition of buildings – for personal or third-party use – for which the final energy consumption is less than 75 kilowatt hours (kWh) per square meter of usable floor space. As of 1 April 2022 we have adjusted the threshold in line with the evolution in market standards and regulatory requirements and reduced it to 50 kWh per square meter. These buildings are among the most energy-efficient buildings and account for only 15% of the building stock. Energy-efficient construction and increasing the energy efficiency of existing buildings contribute to reducing CO₂ emissions and thus to climate protection.

Renewable energy loan portfolio (CoC Energy)

Project and corporate financing relating to renewable energy is bundled within the Centre of Competence (CoC) Energy. In addition to the full range of corporate banking services, the Centre of Competence Energy offers bilateral and syndicated project financing. Financing is provided for solar and wind parks (onshore/offshore), which are operated in particular by independent power producers, project developers, institutional investors and energy utilities. Renewable energy contributes to decarbonisation and thus to climate protection.

KfW sustainability programmes for private and corporate clients

KfW programmes for companies or private customers that pursue the purposes of energy efficiency or climate protection (Initiative for SMEs) were included.

Green CBU (Commerzbank universal loan)

The Green CBU+ (Commerzbank universal loan), an individual loan for corporate customers, is used to finance sustainable commercial or private investments. These include, for example, those investments that reduce the consumption of resources such as petrol, electricity or water by at least 30% or that have a positive effect on CO₂ emissions. Reduced emissions help protect the climate, and the reduced consumption of resources contributes to climate protection or adaptation to climate change.

Sustainable bonds

The current disclosure includes sustainable bonds that comply with a recognised standard, such as the EU Green Bond Standard (TEG), the International Capital Market Association (ICMA) Green Bond

Principles, Sustainability Bond Guidelines or Sustainability-Linked Bond Principles. In accordance with the details provided in the relevant green bond frameworks of the issuers or in the second-party opinion (SPO), it was ensured that the use of proceeds or the reported KPIs meet the requirements of the relevant standards. Details on taxonomy alignment cannot be provided until the Taxonomy Regulation comes into force and the taxonomy classification is carried out.

Green bonds / sustainability bonds

Green bonds or sustainability bonds are bonds for which the use of proceeds are used exclusively for the proportional or full (re)financing of suitable green projects and which are aligned with the four core components of the Green Bond Principles. These may be new and/or existing projects.

CBI-certified green bonds and the CBI-aligned green bonds

CBI-certified green bonds and CBI-aligned green bonds are certified sustainable bonds under the Climate Bonds Initiative (CBI).

An important component of the initiative is the Climate Bonds Standard & Certification Scheme. The certification scheme enables investors, governments and other stakeholders to identify and prioritize low-carbon and climate-resilient investments and to avoid greenwashing.

CBI-certified green bonds are bonds that demonstrably comply with the Climate Bonds Standard. The Climate Bonds Standard enables the certification of a bond before it is issued and includes the Green Bond Principles and the Green Loan Principles; it is aligned with the EU Green Bond Standard.

CBI-aligned green bonds are designated bonds that also comply with the CBI Green Bond Principles. These issuers issue green bonds based on their own green bond principles.

Sustainability linked bonds

Sustainable-linked bonds include only bonds with interest rate structures that relate to demonstrable sustainability performance targets (SPTs) or KPIs in connection with climate change mitigation and which comply with the ICMA's Green Bond Principles.

The largest share of the reported gross book values for bonds, at 71%, is accounted by financial corporations. The remaining volume is distributed among the client groups non-financial corporations with 18% and other counterparties with 11%.

In the case of loans, approximately two-thirds of the reported risk positions are attributable to private households and one-third to non-financial corporations; other counterparties account for only 1% of the volume.

List of abbreviations

ABC-Policy	Anti-Bribery and Corruption Policy	NACE	Nomenclature générale des activités économiques dans les Communautés Européennes / Nomenclature of Economic Activities
BICC	Bonn International Centre for Conflict Studies		
BKMS	Business-Keeper-Monitoring-System		
CBI	Climate Bonds Initiative		
CCO	Chief Compliance Officer	NFC	non-financial corporations
CCUS	Carbon Capture, Utilisation and Storage	NGFS	Network for Greening the Financial System
CDP	Carbon Disclosure Project	NGO	non-governmental organisations
CERO	Chief Environmental Risk Officer	NPP	New Product Process
CRR	Capital Requirements Regulation	OECD	Organisation for Economic Cooperation and Development
CRREM	Carbon Risk Real Estate Monitor		
CSRD	Corporate Sustainability Reporting Directive	PCAF	Partnership for Carbon Accounting Financials
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	PCPM	Polish Centre for International Aid
		PEFC	Programme for the Endorsement of Forest Certification Schemes
ECB	European Central Bank		
EEA/EWR	European Economic Area/ Europäischen Wirtschaftsraum	PRI	Principles for Responsible Investment
EECS	European-Energy-Certificate-System	RSPO	Roundtable on Sustainable Palm Oil
EFTA	Europäischen Freihandelsassoziation	RTRS	Round Table on Responsible Soy
EnPI	Energy Performance Indicator	SBTi	Science-based Target Initiative
EP	Energy Performance	SDA	Sectoral Decarbonization Approach
EPC	Energy Performance Certificate	SPO	Second-Party-Opinion
ESG	Environment, Social, Governance Risk/Umwelt-, Sozial- und Governancerisiken	SPT	Sustainability Performance Targets
		SSM	Single Supervisory Mechanism / Einheitlicher Bankenaufsichtsmechanismus
FSC	Forest Stewardship Council	TCFD	Task Force on Climate-Related Financial Disclosures
GOCC	Great Orchestra of Christmas Charity Foundation		
		TEG	Green Bond Standard
GRI	Global Reporting Initiative	UNEPPFI	Principles for Responsible Banking der Finanz-Initiative des Umweltprogramms der Vereinten Nationen (UNEP FI)
HIHK	Heidelberg Institute for International Conflict Research		
HR	Human Resources		
ICAAP	Internal Capital Adequacy Assessment Process		
ICMA	International Capital Market Association		
IIF	International Institute of Finance		
ILO	International Labour Organization/ Internationale Arbeitsorganisation		
IPCC	Intergovernmental Panel on Climate Change		
KPI	Key Performance Indicator		
KYC	Know Your Customer-Prinzip		
LAWS	Letale Autonome Waffensysteme		
LkSG	Lieferkettensorgfaltspflichtengesetz/ Supply Chain Due Diligence Act		
LNG	Liquefied-Natural-Gas		
MiFID	Markets in Financial Instruments Directive		
MTR	Mountain-Top-Removal		