

The committee also considered the employee remuneration system and made suggestions for its optimisation. The committee considered the audit of the remuneration report and recommended that the Supervisory Board engage the auditor KPMG to check the accuracy of the content of the remuneration report for the 2022 reporting year under the German Stock Corporation Act (AktG), in addition to ensuring that it meets the legal requirements set out in Art. 162 (3) AktG. The committee reviewed the appropriateness of the structure of the remuneration system for the Board of Managing Directors and examined the structure and appropriateness of the employee remuneration systems for Commerzbank Aktiengesellschaft. The committee also updated the organisational guideline for the remuneration of the Board of Managing Directors of Commerzbank Aktiengesellschaft and addressed the issue of equality between women and men in respect of remuneration at the Bank.

In addition, the committee assessed the impact of the remuneration systems on the Bank's risk, capital and liquidity situation and monitored whether the remuneration systems are aligned with the Bank's business and risk strategy. The committee also reviewed the principles of the employee remuneration system used to measure remuneration parameters, performance contributions and performance and retention periods, and monitored the process used to identify institution risk bearers and Group risk bearers. Finally, the committee reviewed the remuneration system for the control units and monitored the involvement of the control units and all other relevant areas in the design of the employee remuneration system.

**The Environmental, Social and Governance Committee (ESG Committee)** was established as a new committee at the Supervisory Board meeting on 16 February 2022. Its main function is to assist the Supervisory Board in its ongoing assessment of whether the Board of Managing Directors 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 responsibilities and at the same time conserving natural resources. The committee met three times in the year under review. It addressed the sustainability strategy, the ESG framework and the status of regulatory requirements. It also received reports on general litigation and liability risks in connection with ESG. It considered the Bank's sustainability reporting in detail and provided suggestions as part of the preparation of Commerzbank's combined separate non-financial report. The committee discussed the communications strategy with a view to achieving a sharper profile as a sustainable company. In addition, it discussed interim targets under the Science Based Targets Initiative and received a report on the current status of employee training on the ESG principles at Commerzbank. It also deliberated the implementation of the "Strategy 2024" programme in human resources terms, the implementation of diversity and personnel measures in connection with "Strategy 2024" and issues relating to diversity management, the optimisation of the working environment at Commerzbank and general HR metrics. The committee also discussed new training and qualification measures. The ESG Committee also received reports on the current status of coronavirus measures at Commerzbank, the Bank's hygiene concept and the various measures implemented in connection with the coronavirus.

The **Digital Transformation Committee** assists the Supervisory Board with its monitoring and advisory tasks relating to the Bank's digital transformation and IT; it met four times in 2022. It regularly scrutinised the status of the progress made with digitalisation at the Bank in the context of "Strategy 2024". Road maps for the business divisions formed the basis for this and were consolidated by adding aspects such as measurability by means of key performance indicators. Based on the Bank's strategy, it examined the IT strategy for 2023 to 2026. The committee received regular information on the current status of IT and on the overall technical performance and stability of the IT systems, as well as updates on key strategic initiatives. To this end, the committee received reports on projects and processes relating to the Bank's digital transformation, its budget management and transformation management, and the status of individual projects. The committee looked at the Bank's IT architecture and IT landscape and at the current developments on the fintech market. Looking to the future, it also discussed crypto custody business,

machine learning, the artificial intelligence strategy and distributed ledger-based platforms.

In addition, the committee was informed about the IT target state for securities processes and the introduction of vendor management as a central functional interface in the delivery organisation for IT services and management consulting.

There was no need for any meetings of the **Conciliation Committee** formed in accordance with the German Codetermination Act.

The chairs of the committees regularly reported on their work at the next meeting of the plenary Supervisory Board.

### Conflicts of interest

In accordance with the German Corporate Governance Code and Art. 3 (6) of the rules of procedure of the Supervisory Board, members of Commerzbank's Supervisory Board are required to disclose conflicts of interest without delay to the Chairman of the Supervisory Board or the Chairman's deputy, who will in turn inform the Supervisory Board. No member of the Supervisory Board declared a conflict of interest during the year under review.

### Training and development measures

The members of the Supervisory Board undertook the training and development measures required for their duties at their own initiative, with appropriate support from Commerzbank. Further training and development took place on a regular basis. Two extensive workshops on the subject of ESG were held in 2022. A presentation on digital assets and crypto custody and their implementation within the Bank was also given to the Supervisory Board following one of its meetings. The topics of mainframes, the cloud and working methods/working architecture for new ways of working were covered in the Digital Transformation Committee. In addition, an internal training session on the subject of litigation and liability risks in connection with ESG was held as part of one of the meetings of the Environmental, Social and Governance Committee. Members of the Supervisory Board also attended external training courses on topics such as sustainable finance and ESG in a sustainable finance context.

### Evaluation and self-assessment

In the 2022 financial year the Supervisory Board and its committees dealt with the results of the review of the effectiveness of their work carried out in the 2021 financial year in accordance with recommendation D.12 of the German Corporate Governance Code, combined with the assessment to be carried out in accordance with Art. 25d (11) nos. 3 and 4 of the German Banking Act (KWG). Both the Supervisory Board and the individual committees drew up a catalogue of measures based on the results and implemented these measures. At the end of the 2022 financial year, the Supervisory Board reviewed the effectiveness of its work in the 2022 financial year and carried out the assessment required pursuant to Art. 25d (11) nos. 3 and 4 of the German Banking Act (KWG). For this purpose all members of the Supervisory Board completed various questionnaires, which were then analysed. The resulting analyses were presented to the plenary session for discussion at the start of 2023. On the basis of these discussions, catalogues of measures were drawn up both in plenary sessions and in the committees, and these are being worked through in a timely manner. The members of the Supervisory Board believe that the board and its committees work effectively and to a high standard overall.

With Burkhard Keese as Chairman of the Audit Committee and Robin J. Stalker, who is also a member of the Audit Committee, the Supervisory Board has two members with special expertise in the areas of both accounting and auditing. Other members of the Audit Committee also have special expertise in the fields of accounting and auditing. Robin J. Stalker and other members of the Supervisory Board also have special expertise in the field of ESG. In order to remain aligned with developments within Commerzbank Aktiengesellschaft in matters of sustainability and also to ensure that the growing requirements and responsibilities of the Supervisory Board in this area are properly complied with, at the beginning of 2022 the Supervisory Board added environmental and governance matters to the work of the Social Welfare Committee, renamed it the Environmental, Social and Governance Committee accordingly and increased the number of members.

For further information on the individual members of the Supervisory Board, please also refer to their curricula vitae, which are available on the Commerzbank Aktiengesellschaft website.

In accordance with recommendation C.1 of the Code, the declaration on corporate governance should also provide information on what, in the view of the shareholder representatives, is the appropriate number of independent shareholder representatives serving on the Supervisory Board and the names of these members. According to recommendation C.6 of the Code, a Supervisory Board member is considered as independent if he or she is independent of the Bank and its Board of Managing Directors and independent of any controlling shareholder. A Supervisory Board member is independent of the Bank and its Board of Managing Directors if he or she has no personal or business relationship with the Bank or its Board of Managing Directors that may lead to a significant, non-transient conflict of interest. When assessing the independence of their members according to recommendation C.7 of the Code, the shareholder representatives should in particular take into account whether the Supervisory Board member him or herself or a close relative of the Supervisory Board member was a member of the Bank's Board of Managing Directors in the two years before his or her appointment; currently has or had in the year leading up to his or her appointment a material business relationship with the Bank or one of its dependent companies, either directly or as a shareholder or in a responsible function of a non-Group company; is a close relative of a member of the Board of Managing Directors; or has been a member of the Supervisory Board for more than 12 years. In addition, in accordance with recommendation C.11 of the Code, the Supervisory Board should not include more than two former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft.

Based on the above criteria, all ten shareholder representatives can be classified as "independent" within the meaning of the German Corporate Governance Code, namely Helmut Gottschalk, Dr. Frank Czichowski, Sabine U. Dietrich, Dr. Jutta A. Dönges, Burkhard Keese, Daniela Mattheus, Caroline Seifert, Robin J. Stalker, Dr. Gertrude Tumpel-Gugerell and Frank Westhoff. Dr. Jutta

A. Dönges and Dr. Frank Czichowski were proposed for election to the Supervisory Board of Commerzbank Aktiengesellschaft at the suggestion of the Financial Market Stabilisation Fund, represented by the Federal Republic of Germany – Finanzagentur GmbH. The Financial Market Stabilisation Fund holds around 15.6% of the share capital of Commerzbank Aktiengesellschaft and is therefore not a controlling shareholder within the meaning of the Code. Nor does the Federal Republic of Germany – Finance Agency have a material business relationship with Commerzbank Aktiengesellschaft. In addition, there is no former member of the Board of Managing Directors of Commerzbank Aktiengesellschaft on the Supervisory Board.

As a result, the target of always having at least eight independent Supervisory Board members elected by the Annual General Meeting has been achieved. The Supervisory Board's own assessment that it contains an appropriate number of independent members is therefore well-founded.

In the 2022 financial year the Supervisory Board and its committees dealt with the results of the review of the effectiveness of their work carried out in the 2021 financial year in accordance with recommendation D.12 of the German Corporate Governance Code, combined with the assessment of the Board of Managing Directors and Supervisory Board to be carried out in accordance with Art. 25d (11) nos. 3 and 4 of the German Banking Act (KWG). Both the Supervisory Board and the individual committees drew up a catalogue of measures based on the results and implemented these measures; in the case of the Supervisory Board, these related to matters including qualification and ongoing training of Supervisory Board members, anchoring of ESG matters in the Supervisory Board, and efficient communication between the Board of Managing Directors and the Supervisory Board. At the end of the 2022 financial year, the Supervisory Board then reviewed the effectiveness of its work in the 2022 financial year and carried out the assessment required pursuant to Art. 25d (11) nos. 3 and 4 of the German Banking Act (KWG). For this purpose all members of the Supervisory Board completed various questionnaires, which were then analysed. The resulting analyses were presented to the Supervisory Board for discussion at the start of 2023. On the basis of these discussions, catalogues of measures were drawn up both by the Supervisory Board and in the committees, and these are being worked through in a timely manner. The members of the Supervisory Board believe that the board and its committees work effectively and to a high standard overall.

In accordance with recommendation E.2 of the Code and Art. 3 (6) of the rules of procedure of the Supervisory Board, each member of the Supervisory Board must disclose any conflicts of interest. No member of the Supervisory Board declared such a conflict of interest during the year under review.

In accordance with recommendation B.2 of the German Corporate Governance Code, the Supervisory Board works with the Board of Managing Directors to ensure long-term succession

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planning for the Board of Managing Directors, which also includes measures to ensure they can respond appropriately to any short-term staffing changes (such as resignations for personal reasons). The Presiding and Nomination Committee of Commerzbank Aktiengesellschaft's Supervisory Board is responsible for succession planning. It assists the Supervisory Board in selecting applicants for positions on the Board of Managing Directors. Therefore, it takes account of the balance and range of knowledge, skills and experience of all the board members and draws up a job description with an applicant profile. In drawing up the job description, it takes account of the skills profile and suitability matrix for the Board of Managing Directors as well as other targets for its composition (such as diversity). In accordance with Art. 25 (11) no. 5 of the German Banking Act, the Presiding and Nomination Committee also reviews the principles of the Board of Managing Directors for the selection and appointment of persons at top management level. It also determines whether there are suitable succession candidates at this level for appointment to the Board of Managing Directors.

The system for the remuneration of Supervisory Board members adopted by the Annual General Meeting on 13 May 2020 and applicable since 1 January 2020, which is governed by Commerzbank's Articles of Association, was amended by the Annual General Meeting in 2022 with regard to remuneration for membership of committees and was therefore adopted again in accordance with Art. 113 (3) of the German Stock Corporation Act (AktG). The resolution was published on the Commerzbank Aktiengesellschaft website. The remuneration of the members of the Supervisory Board is also presented in detail in the remuneration report, which is published on Commerzbank Aktiengesellschaft's website.

## Diversity

Both Commerzbank Aktiengesellschaft and the Group companies take diversity into account in the composition of the Board of Managing Directors, appointments to management and recommendations for the election of Supervisory Board members (recommendations A.2, B.1 and C.1 of the German Corporate Governance Code). The aim is to reduce the risk of prejudice and "groupthink". In addition, diversity contributes to a broader range of experience and a greater spectrum of knowledge, capabilities and expertise.

### Diversity policy and information on the minimum proportions of women and men on the Supervisory Board

The Supervisory Board of Commerzbank Aktiengesellschaft consists of 20 members. As already mentioned in the description of the targets for the composition of the Supervisory Board, the Supervisory Board is supposed to always have at least eight

members elected by the Annual General Meeting who are independent (shareholder representatives) as defined in recommendations C.6, C.7 and C.8 of the Code. In accordance with recommendation C.2 of the Code, the Supervisory Board has also defined an age limit for Supervisory Board members by setting a standard limit of 72 years of age. The Supervisory Board aims to have a broad range of ages represented on the board. The Supervisory Board also wants its members to have a suitable range of educational and professional backgrounds and for the board to have at least one international member at all times. The Supervisory Board also considers appropriate female and male representation when proposing candidates to the Annual General Meeting for election. The Supervisory Board is committed to exceeding the statutory minimum requirement for female and male representation of at least 30% each. Thereby it has to be considered that the only way the Supervisory Board is able to influence its composition is by the candidates it proposes to the Annual General Meeting for election. The employee representatives on the Supervisory Board are also striving to exceed female and male representation of at least 30% each among employee representatives in future.

The Supervisory Board achieved all the stated goals in the 2022 financial year. As at 31 December 2022, with Dr. Gertrude Tumpel-Gugerell and Robin J. Stalker, the Supervisory Board of Commerzbank Aktiengesellschaft included two international members and nine women, five of whom were shareholder representatives. The percentage of women on the Supervisory Board is therefore 45% at present, while the proportion of men is 55%.

Where required by law, the Group companies have also set their own targets for the proportion of women on their supervisory boards.

The members of the Supervisory Board of Commerzbank Aktiengesellschaft are between 49 and 71 years old; the average age is 57.4. The educational and professional backgrounds of the Supervisory Board members are varied: there are members of the Supervisory Board with banking training, lawyers, members with business degrees, and engineers. Many members of the Supervisory Board have significant banking experience.

### Diversity policy and minimum proportions on the Board of Managing Directors

In making appointments to the Board of Managing Directors, the Supervisory Board aims to increase diversity, particularly with regard to age, origin, education and professional background, and to give appropriate consideration to women. As a rule, the members of the Board of Managing Directors should not be over 65 years of age. In addition, the Supervisory Board ensures that the members of the Board of Managing Directors have a suitable range of educational and professional backgrounds.

The Supervisory Board had set a target of at least one female member by 31 December 2021. This target was met ahead of schedule on 1 November 2017, and has been exceeded since 1

January 2020 with two women on the Board of Managing Directors. This means that the minimum proportions under Art. 76 (3a) of the German Stock Corporation Act have been met and indeed exceeded, according to which a Board of Managing Directors consisting of more than three people must have at least one woman and at least one man among its members. The Supervisory Board will strive to continue to exceed the statutory minimum proportions in the future. The proportion of women on the Board of Managing Directors was 28.6% as at 31 December 2022.

Where required by law, the Group companies have also set their own targets for the proportion of women on their management boards.

### Targets for the first and second levels of management

Art. 76 (4) of the German Stock Corporation Act requires the Board of Managing Directors of Commerzbank Aktiengesellschaft to set a target for female representation at the two management levels below the Board of Managing Directors and a deadline for achieving this target.

The Board of Managing Directors last set new targets for female representation at the first and second levels of Commerzbank Aktiengesellschaft's management (in Germany) in December 2021. The target is 25% for the first management level and likewise 25% for the second level. The deadline set for achieving the targets is 31 December 2026. Commerzbank Aktiengesellschaft has thus given itself ambitious targets. It is an important objective for the Bank and the Group as a whole to further increase the number of women in management positions.

As at 31 December 2022, the first management level below the Board of Managing Directors at Commerzbank Aktiengesellschaft consisted of 39 managers, of whom 33 were male and 6 female. The percentage of women in the first level of management below the Board of Managing Directors was therefore 15.4%.

The second management level below the Board of Managing Directors consisted of 320 people, of whom 247 were male and 73 female. The percentage of women in the second level of management below the Board of Managing Directors was thus 22.8%.

The Board of Managing Directors chose not to set targets for the first and second levels of management at Group level. Instead, the individual Group companies have set their own targets within the statutory framework.

In the Group, the first management level below the Board of Managing Directors consisted of 41 people, of whom 35 were male and 6 female. The percentage of women at the first management level below the Board of Managing Directors as at the reporting date was therefore 14.6%.

The second management level below the Board of Managing Directors consisted of 363 people, of whom 287 were male and 76 female. The percentage of women in the second level of

management below the Board of Managing Directors was therefore 20.9%.

## Accounting

Accounting at the Commerzbank Group and Commerzbank Aktiengesellschaft gives a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the respective accounting standards. The Group financial statements and Group management report are prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board (IASB) and applicable in the EU (IFRS) and the supplementary provisions of the German Commercial Code (HGB); the parent company financial statements and management report of Commerzbank Aktiengesellschaft are prepared in accordance with the provisions of the German Commercial Code. The Group financial statements and parent company financial statements are prepared by the Board of Managing Directors and approved by the Supervisory Board. The audit is performed by the auditor elected by the Annual General Meeting.

The Group management report also includes a detailed risk report, providing information on the Bank's responsible handling of the various types of risk. It may be found on pages 106 to 150 of this Annual Report.

During the financial year, shareholders and third parties receive additional information about the course of business by means of the interim report as at 30 June and interim financial information as at 31 March and 30 September. The interim report as at 30 June is also prepared in accordance with IFRS. In the interim financial information as at 31 March and 30 September, the statement of comprehensive income, balance sheet and statement of changes in equity are prepared in accordance with the applicable IFRS accounting, measurement and consolidation principles for interim reporting.

## Shareholder relations, transparency and communication

The Annual General Meeting of shareholders takes place once a year. It decides on the appropriation of distributable profit (if any) and approves the actions of the Board of Managing Directors and the Supervisory Board, the appointment of the auditors and any amendments to the Articles of Association.

If necessary, it authorises the Board of Managing Directors to undertake capital-raising measures and approves the conclusion of profit and loss transfer agreements. Each share entitles the holder to one vote.

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The Supervisory Board submitted a remuneration system for the members of the Board of Managing Directors to the 2022 Annual General Meeting for approval in accordance with Art. 120a (1) of the German Stock Corporation Act. This proposed system had been enhanced in fundamental respects. The Annual General Meeting approved the remuneration system with 84.6% of votes in favour. The current remuneration system and the resolution of the Annual General Meeting are published on Commerzbank Aktiengesellschaft's website.

The Bank's shareholders may submit recommendations or other statements by letter or e-mail or may present them in person. Since the 2020 financial year, there has also been an orderly process regulated in the Engagement Policy for contacting Commerzbank Aktiengesellschaft as a shareholder. At the Annual General Meeting, the Board of Managing Directors or the Supervisory Board comment or reply directly. Shareholders may codetermine the course of the Annual General Meeting by submitting countermotions or supplementary motions to the agenda. Shareholders may also request an Extraordinary General Meeting be convened. The reports and documents required by law for the Annual General Meeting, including the Annual Report, as well as the agenda for the Annual General Meeting and any countermotions or supplementary motions may be downloaded from the internet.

Commerzbank Aktiengesellschaft informs the public – and consequently shareholders as well – about the Bank's financial position and financial performance four times a year. Corporate news that may affect the share price is also published in the form of ad hoc releases. This ensures that all shareholders are treated equally. The Board of Managing Directors reports on the annual financial statements and the quarterly results, as well as on the Bank's future strategy, at press conferences and events for analysts and investors.

Commerzbank Aktiengesellschaft uses the options offered by the internet for reporting purposes, providing a wealth of information about the Group at <https://www.commerzbank.com>. In addition to the rules of procedure of the Board of Managing Directors and the Supervisory Board, the Articles of Association of Commerzbank Aktiengesellschaft are also available online. The financial calendar for the current and the upcoming year is also published in the Annual Report and on the internet. It shows the dates of all the significant financial communications, notably the annual press conference and analyst conferences and the date of the Annual General Meeting.

We feel an obligation to communicate openly and transparently with our shareholders and all other stakeholders. We intend to continue meeting this obligation in the future.

# Combined separate non-financial report

Section	Content	Concerns in accordance with the CSR-RUG
<b>About this report</b>	<ul style="list-style-type: none"> <li>Statutory requirements and background</li> </ul>	
<b>1. Taking responsibility</b>	<ul style="list-style-type: none"> <li>Introduction</li> <li>Relevant milestones in 2022</li> <li>External assessment of our sustainability performance</li> </ul>	
<b>2. Anchoring sustainability in our strategy</b> Governance structures expanded Key issues analysed Pursuing net zero target	<ul style="list-style-type: none"> <li>Establishment and management of our sustainability strategy</li> <li>Focus topics for sustainability management</li> <li>Our road to net zero emissions</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Respect for human rights</li> </ul>
<b>3. Responsible management</b> Making our stance clear Evaluating environmental and social criteria Reducing financed emissions Incorporating EU taxonomy Managing climate and biodiversity risks	<ul style="list-style-type: none"> <li>Guidelines provided via the ESG framework</li> <li>Sustainability as part of risk management</li> <li>Science-based emissions reductions</li> <li>Classification under the EU taxonomy</li> <li>Materiality of climate and biodiversity risks</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Respect for human rights</li> </ul>
<b>4. Supporting the customer transformation</b> Sustainable financing Sustainable investments and capital market products Ensuring data security Maintaining dialogue	<ul style="list-style-type: none"> <li>Sustainability as an opportunity for the Bank</li> <li>Financing the energy transition</li> <li>Supporting the customer transformation</li> <li>Defending against cybercrime</li> <li>Focus on customers</li> </ul>	<ul style="list-style-type: none"> <li>Treatment of customers</li> </ul>
<b>5. Leading by example</b> Reducing operational emissions Embodying collegiality Promoting diversity and equal opportunity Ensuring integrity and compliance Working for the good of society	<ul style="list-style-type: none"> <li>Climate protection in our own company</li> <li>Our responsibility as an employer</li> <li>Women in management positions</li> <li>Acting according to ethical values</li> <li>Social commitment</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Social responsibility</li> <li>Treatment of employees</li> <li>Respect for human rights</li> <li>Anti-corruption</li> </ul>

## About this report

This combined non-financial report for Commerzbank Aktiengesellschaft and the Commerzbank Group<sup>1</sup> has been prepared in accordance with the requirements of the German Act on Strengthening Corporate Non-Financial Reporting (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG). Alongside the parent company, it covers in particular the material subsidiaries Commerz Real AG, mBank S.A. and Commerzbank Finance & Covered Bond S.A.

As required by law, we provide information in this report on environmental protection, treatment of employees, social responsibility, respect for human rights and the fight against corruption and bribery. As customer focus is another key factor in our success, we also report on the treatment of customers. To identify the topics to report on, we conducted a new materiality analysis of non-financial issues that are key to understanding the

business performance and situation of Commerzbank and that are significantly impacted by our business activities (see section “Key topics analysed”). The description of the business model can be found in the “Structure and organisation” section of the (Group) management report.

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

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

<sup>1</sup> Unless stated otherwise, the information in this report relates to the Group.



In 2021, it became one of the first open-ended real estate funds to promote environmental and/or social objectives pursuant to Article 8 of the Disclosure Regulation. The fund has expanded its investment strategy accordingly. The aim is to reduce the portfolio's CO<sub>2</sub> footprint to 14 kilogrammes per square meter by 2050. In August 2022, hausInvest decided to meet the requirement level for environmentally sustainable investments under the EU taxonomy and the minimum requirements for sustainable investments for the purposes of the EU Disclosure Regulation. The taxonomy states that their minimum share is 5% of the fair value of the real estate belonging to the special fund. In determining the fair value mentioned above, project developments are included from the time of their completion and properties held by real estate companies are included in proportion to their ownership interest.

### Trading or offsetting emissions

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

In equipment leasing, Commerz Real has started to anchor sustainability in its business via its subsidiary Commerz Real Mobilienleasing (CRML). CRML's PRO Climate Lease also offers the option to support projects aimed at avoiding or absorbing CO<sub>2</sub> emissions in parallel with the financing business.

### Ensuring data security

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

### Responding to cyber crime

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

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

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

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

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

### Ensuring data protection

Commerzbank Aktiengesellschaft takes the protection of personal data very seriously and complies with the applicable data protection rules, in particular the provisions of the EU General Data Protection Regulation and the Group Data Protection Policy.



The purpose of this policy is to ensure a consistently high level of data protection in the Group and to respect the fundamental rights and freedoms of data subjects over the long term. It includes principles applicable Group-wide for the collection, processing, use and international transmission of personal data.

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

**The purpose of the data protection policy is to ensure a consistently high level of data protection and to respect the fundamental rights and freedoms of affected persons sustainably**

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

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

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

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

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

#### **Using big data responsibly**

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

#### **Maintaining dialogue**

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

All units of the Group get their customers actively involved. Experts communicate with customers through various channels to ensure that their ideas and suggestions are taken into account when developing products and services. The Commerzbank Aktiengesellschaft UX Studio supports this process with insights into users' needs and expectations. UX stands for user experience, i.e. the customer's experience before, during and after their use of a product.

In UX research studies, customers, non-customers and employees are involved at an early stage in the entire development process and in live operations to ensure offerings are customer-focused.

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

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

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

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

### Surveying target groups

SME topics are at the heart of Commerzbank's “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. The 2022 study was on the topic of cyber security. The results show that the companies surveyed consider this to be a very important issue. Around two in five companies in Germany have already been the victim of a cyber attack, with

nearly one in five affected companies suffering losses as a result of the attack. Nevertheless, the vast majority of companies feel they are well-positioned when it comes to cyber security.

### Improving advisory services

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

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

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

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

Private customers can use a CO<sub>2</sub> calculator in the banking app to work out their personal carbon footprint based on a questionnaire about their mobility and consumption habits and living situation. This application is supplemented by information on sustainable lifestyles and sustainable product offerings from Commerzbank.

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.

**Health is the foundation for the  
Performance of an organization  
and its workforce alike**

### Maintaining health

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

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



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

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

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

### Promoting diversity and equal opportunities

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

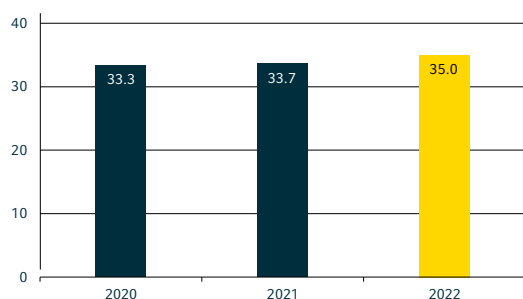


Although a small majority of Commerzbank staff are female (around 51%), women are not yet represented at management level to the same extent. For this reason, in recent years the measures designed to promote a good work-life balance have been further improved to open up fresh career opportunities for women in particular. These include company childcare, innovative part-time models – including for managers – and structured return-to-work options to prevent careers from stalling.

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

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

Percentage of women in leadership positions



### Driving inclusion

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

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

### Treating each other with respect

Commerzbank Aktiengesellschaft is committed to an open approach in respect of the sexual orientation and gender identity of its staff, customers and business contacts.



This is achieved through education and various formats for dialogue, such as digital events and communication about queer people. Formats covering the topics of coming out, subconscious reservations and overarching diversity issues such as families and cross-cultural understanding are particularly popular with employees. These are also regularly attended by members of the Board of Managing Directors and executives.

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

Through publication of the “Prout Performer” lists, the Prout@Work Foundation recognises individuals from business and public life who stand up for the interests of lesbian, gay, bisexual, trans, inter and queer people and become role models. Ten Commerzbank employees received awards in the year under review.

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

### Fighting corruption effectively

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

**With our Global Anti-Bribery and Corruption Policy, we are actively combating bribery, the acceptance of benefits and other forms of corruption**

To this end, we conduct regular training sessions for our employees so that they can implement our guidelines competently and consistently. A central element of this is the annual anti-corruption training for all employees.

Business and functional units with heightened risk profiles and individuals who have an increased risk of bribery and corruption due to their functions at Commerzbank Aktiengesellschaft receive additional targeted training. A team with special training in this type of risk is available to provide advice to all employees. Commerzbank has a zero-tolerance approach to corruption and other criminal acts by employees. Any employee who is proven to have breached this will face the full consequences under labour, civil and criminal law.

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

## Working for the good of society

With regard to its social commitment, Commerzbank engages with its environment in a



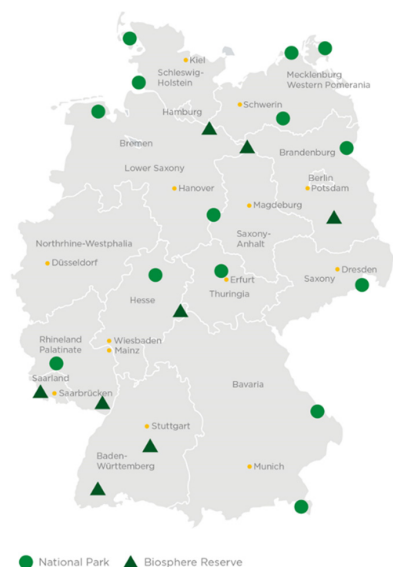
variety of ways. Various projects and initiatives developed together with partners from business and society contribute to the good of society. Commerzbank Aktiengesellschaft also donated a total of €632,471 to various institutions and organisations in the year under review.

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

One example of our social and environmental engagement is the Commerzbank environmental internship launched with the German national parks back in 1990. Each year, it provides up to 75 students with practical experience in the areas of environmental education and public relations in the natural landscapes of the country's national parks. Commerzbank organises and finances the environmental internship programme, while the national parks provide the subject matter expertise. Since the programme began, more than 1,900 students have participated and subsequently applied their experience to business, politics, society or environmental protection.

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### Environmental internship partner



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, afterwork 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 2022, the people of Ukraine  
were the focus of the Commerzbank Group’s  
social commitment**

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

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

### Foundations for the future

Various foundations supported by the Group over the long term also make a significant contribution to society. As a corporate foundation, the Commerzbank Foundation promotes the social responsibility of its founding company to work towards a society fit for the future. Its motto is: participation creates the future. With its independent foundation, Commerzbank takes responsibility for its sustainable commitment to be a “good citizen” of the community that goes beyond its actual business activities.

Since its establishment in 1970, the Commerzbank Foundation has built up many sustainable partnerships across Germany and has thus become a firmly established provider of support in the world of German foundations. In its more than 50-year history, it has provided a total of around €40m to support well over 1,000 projects relating to cultural, social and scientific activities. Its partnership network ranges from museums and theatres to non-profit social organisations and scientific institutions, from national lighthouse projects to exemplary local initiatives.

**The Commerzbank Foundation  
puts its focus on culture,  
social issues and science**

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

funding for these foundations in 2022, covering expenses such as staff, workstations, premises costs and other operating costs.

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

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



politics, academia and society. It met for the first time in Frankfurt am Main on 23 May 2022. Going forward, the Sustainability Advisory Board is due to meet twice a year.

On 4 July 2022, Commerzbank held a second public Sustainability Dialogue event to provide information on the progress it has made with its sustainability strategy. Commerzbank has defined concrete CO<sub>2</sub> reduction targets for half of the loans it has granted. These are to be achieved by 2030. The Bank's efforts to manage climate risk are initially focused on CO<sub>2</sub>-intensive sectors. For example, we are seeking to achieve reduction targets of at least 73% by 2030 for the power generation sector, and at least 57% for the significantly larger retail mortgage financing portfolio. Achieving these targets is a key intermediate step for the Bank in its drive to reduce the CO<sub>2</sub> emissions of its entire lending and investment portfolio to net zero by 2050 at the latest. Further information can be found in the combined separate non-financial report on page 42 ff.

## Commerzbank issues its third own green bond

Commerzbank successfully issued a green bond with an issuance volume of €500m at the beginning of June 2022. Commerzbank will use the proceeds to finance renewable energy projects. Thanks to the progress made with renewable energy projects, a third own green bond has now been issued to follow those from 2018 and 2020. We have therefore responded to the still growing demand for sustainable investments and are giving our investors the opportunity to participate in the transformation of the real economy towards greater sustainability.

Commerzbank allocated the non-preferred senior bond to loans for onshore and offshore wind projects and solar projects. The bond has a term of 5.25 years with a call date in September 2026 and a coupon of 3% per annum.

Commerzbank is an established player in the market for sustainable and green bonds. For years, the bank has been supporting its customers in preparing sustainable bond issues and placing them in the international capital market.

## Realignment of the Main Incubator

Commerzbank realigned its Main Incubator at the end of April 2022: the early-stage investor will in future focus not only on fintechs but also on start-ups specialising in sustainability, known as greentechs. To accompany the shift in strategy, the new brand "neosfer" was created.

There has been no change to the unit's business principles: it will continue to monitor trends, invest venture capital and make new applications work for the Bank.

## SREP capital requirements for Commerzbank unchanged for 2023

The ECB has left the bank-specific capital requirements for 2023 defined for the Commerzbank Group as part of the Supervisory Review and Evaluation Process (SREP) unchanged compared with 2022. The additional capital adequacy requirement under Pillar 2 (P2R) remains at 2% of total capital, of which at least 1.125% must be covered by Common Equity Tier 1 capital. The SREP decision replaces the previous SREP decision with effect from 1 January 2023.

The Common Equity Tier 1 capital requirement for Commerzbank at Group level remained unchanged at 9.44% of risk-weighted assets (MDA threshold) as at 30 September 2022, taking into account the requirements of the current SREP decision. It comprises the CET1 minimum of 4.5%, the P2R requirement of 1.125%, the capital conservation buffer of 2.5%, the DSIB capital buffer for other systemically important banks, which is unchanged at 1.25%, the countercyclical capital buffer, currently 0.04%, and an AT1 shortfall of 0.03%.

Commerzbank expects the MDA threshold to rise to around 10.1% in the first quarter of 2023 due to the industry-wide increase in countercyclical capital buffers and the activation of the sectoral systemic risk buffer in Germany.

A requirement to hold additional own funds for the risk of excessive leverage (Pillar 2 requirement for the risk of excessive leverage – P2RLR) has not been set for the Commerzbank Group.

With a CET1 ratio of 14.1% as at 31 December 2022, we are a comfortable distance from the MDA threshold and thus have sufficient scope for the planned distribution of 30% of consolidated profit after deduction of AT1 coupon payments.

## Further strengthening of the compliance function

In 2022 the Bank continued its activities to further strengthen the compliance function. In addition to the structural changes, these also related to staff training and the successful recruitment of qualified compliance experts to work at head office and in foreign locations.

To further improve the management of compliance risks, the compliance function implemented various long-term measures in areas such as global financial crime and global markets compliance, further strengthening compliance both in Germany and abroad.

The regulatory environment also remains challenging with regard to compliance risks. The focus here remains on the issues of anti-money laundering (including the implementation of the new BaFin administrative practice and the requirements of international standard-setters such as the EBA) and sanctions. In addition, anti-bribery and corruption (including the United Kingdom Bribery Act and the United States Foreign Corrupt Practices Act) and market compliance (among other things new EU requirements in sustainable finance, US requirements and CFTC regulations) are putting further risk types into the regulatory focus.

In response to Russia's war of aggression against Ukraine in violation of international law, the G7 states have adopted a large number of comprehensive and, in some cases, new sanctions. However, some of these differ in detail from each other. Furthermore, sanctions generally come into force immediately after publication, and no prior consultation is planned. Due to these peculiarities in the sanctions regulation, one of the Bank's compliance functions focuses on supporting the Bank's operating units in adapting their processes to new regulatory requirements at short notice, so that the applicable sanctions regulations are fully complied with both in domestic and foreign business.

Some of these cases could also have an impact on the reputation of Commerzbank and its subsidiaries. The Group recognises provisions for such proceedings if liabilities are likely to result from them and the amounts to which the Group is likely to be liable can be determined with sufficient accuracy. Since there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be ruled out that some of the provisions recognised for them may prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to recognise provisions. The eventual outcome of some legal proceedings might have an impact on Commerzbank's results and cash flow in a given reporting period; in the worst case, it cannot be fully ruled out that the liabilities which might result from them may also have a significant impact on Commerzbank's earnings performance, assets and financial position.

Further information on legal proceedings may be found in Note 55 regarding provisions and Note 57 regarding contingent liabilities and lending commitments in the Group financial statements.

## Compliance risk

Compliance risk falls within the definition of operational risk according to the Capital Requirements Regulation (CRR). Commerzbank acknowledges and understands the existence of inherent compliance risk in its areas of business, which are subject to the risk of abuse in general and in particular by financial crime. Compliance risk in this context comprises risks relating to money laundering, terrorist financing, sanctions/embargoes, markets compliance, fraud, bribery and corruption, as well as consideration of human rights and environmental risks in accordance with the German Supply Chain Due Diligence Act (LkSG).

In order to actively promote a compliance culture in the Bank, the Board of Managing Directors of Commerzbank has laid down and communicated corresponding values in the Code of Conduct.

## Organisation

Group Compliance is led by the Divisional Board member for Group Compliance, who reports directly to the Board of Managing Directors. Pursuant to Art. 87 (5) of the German Securities Trading

Act (WpHG) and BT 1.1 MaComp (minimum requirements of the compliance function), the division head of Group Compliance is both the Group's Compliance Officer and, under Art. 25 h (7) of the German Banking Act (KWG) and Arts. 7 and 9 of the German Anti-Money Laundering Act (GwG), the Anti-Money Laundering Officer; this person is supervised as such by the Federal Financial Supervisory Authority (BaFin).

The Group Compliance division head also assumes the role as human rights officer according to the German Supply Chain Due Diligence Act (LkSG). The human rights officer shall have a deputy human rights officer who shall have the rights and powers of the human rights officer.

Group Compliance is responsible for:

A. The five types/areas of compliance risk:

- 1) anti money laundering / fighting terrorist financing
- 2) sanctions and embargoes
- 3) combating fraud, bribery and corruption
- 4) markets compliance
- 5) consideration of human rights and environmental risks in accordance with the LkSG

as well as

B. Further responsibilities:

- 1) coordination of the requirements under MaRisk section 4.4.2 ("MaRisk compliance function"),
- 2) independent implementation of internal special investigations with compliance relevance.

In the third quarter of 2022, the Bank decided to implement in Compliance the requirements set out in the LkSG.

The responsibilities based on the obligations under the QI (Qualified Intermediary), FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard) regimes as well as in relation to the prevention of the aiding and abetting of tax evasion (Anti-Tax Evasion Facilitation – ATEF) have been bundled within the Group Tax function; the corresponding role of the QI and FATCA Responsible Officer was transferred to Group Tax in July 2022. In the foreign locations, the roles and responsibilities with regard to ATEF-related tasks under the overall responsibility of Group Tax remain unaffected by this structural change and will continue to be carried out there by the local compliance function.

## Cyber risk

Cyber risk comprises risks with direct relevance to security and risks that lead to relevance to security (with respect to cyber space). The part of cyber space of relevance to Commerzbank is all connected IT environments within the Bank and those outside the Bank that lead to customers, business partners and service providers. Cyber risk is therefore concerned with the digital representation of the Bank's assets (data, information) within cyber space.

The strategic guidelines from the Group risk strategy and the cyber and information security strategy apply without limitation to cyber risk.

Commerzbank manages cyber and information security risks via the Group division "Group Risk Management – Cyber Risk & Information Security" (GRM-CRIS), which reports to the Group Chief Information Security Officer (CISO). In addition to established security functions such as the ISO 27001 certified Information Security Management System (ISMS) as well as risk reporting on key risk indicators, GRM-CRIS focuses on managing cyber risk appropriately and on strengthening Commerzbank's cyber-resilience (including its information security incident management capabilities). It also addresses the interaction between cyber and information security risks and other types of material risk relating to areas such as operational risk.

The main factor in the current cyber risk situation is the geopolitical tension surrounding the Ukraine war. The actual threat situation has so far been limited to cross-sector attacks by pro-Russian and pro-Ukrainian activists. Cyber attacks and sabotage campaigns by state actors have thus far been focused on Ukraine. Developments in the cyber context are observed on an ongoing basis at Commerzbank by an interdisciplinary task force (top management and specialists from GRM-CRIS and Group Technology Foundations – GS-TF).

In connection with the increased remote use of Bank resources, for example in connection with split operations or working from home, there are still no new or expanded methods of attack against the Bank and its employees.

In the last two years the increasing spread of ransomware in cyber crime has to be emphasised, even if Commerzbank has not been affected by this so far. Ransomware is a special type of malware that blocks access to or encrypts data on IT devices and

then requires the victim to pay a ransom for its recovery. The significant damage potential of such attacks is illustrated by a number of recent incidents in which supply chains were disrupted. By closely interlinking the 1st and 2nd line of defence (LoD) activities in the field of cyber threat analysis, including corresponding protective measures and incident management processes, the Bank shall continue to be adequately protected against ransomware attacks.

## Human resources risk

Human resources risk falls within the definition of operational risk referred to in the Capital Requirements Regulation (CRR). The internal, management-oriented interpretation of this definition at Commerzbank includes the following elements in human resources risk:

**Adjustment risk:** Adjustment risk results when organisational and operational circumstances change (for example, restructuring, changes in management culture, qualification needs), these changes impact employees' scope of responsibilities and therefore require a greater willingness to change on the part of the staff. We offer selected internal and external training, continuing education and change programmes to ensure that the qualification levels of our employees keep pace with the current requirements, guidance is provided for structural changes and our employees can fulfil their duties and responsibilities.

**Motivation risk:** Motivation risk arises when demotivating factors are not eliminated and employees do not adequately perceive motivating factors such as management or remuneration. The effects (such as withheld performance by employees) can have a direct impact on the working environment and the organisation's productivity. Employee surveys enable us to respond as quickly as possible to potential changes in our employees' level of corporate loyalty and to initiate adequate measures.

**Departure risk:** Departure risk takes into account the consequences of undesired employee departures (for example, if an employee resigns voluntarily), particularly when high performers are involved. We take great care to ensure that the absence or departure of employees does not result in long-term disruptions to our operations. We also monitor staff turnover on a regular basis from both a quantitative and a qualitative perspective.

### (31) Credit risks and credit losses

#### Principles and measurements

IFRS 9 stipulates that impairments for credit risks from loans and securities that are not measured at fair value through profit or loss must be recognised using a three-stage model based on expected credit losses.

In the Commerzbank Group, the following financial instruments are included in the scope of this impairment model:

- financial assets in the form of loans and advances as well as debt securities measured at amortised cost;
- financial assets in the form of loans and advances as well as debt securities measured at fair value through other comprehensive income (FVOCI);
- lease receivables;
- irrevocable lending commitments which under IFRS 9 are not measured at fair value through profit or loss;
- financial guarantees within the scope of IFRS 9 that are not measured at fair value through profit or loss;
- guarantees and letters of credit that do not meet the definition of a “financial guarantee” under IFRS 9, Appendix A.

The Group determines the impairment using a three-stage model based on the following requirements:

In stage 1, as a rule all financial instruments are recognised if their risk of a loan loss (hereinafter default risk) has not increased significantly since their initial recognition. In addition, stage 1 includes all transactions with limited default risk on the reporting date (option under IFRS 9). These are financial instruments with states, local or regional authorities of the OECD whose internal credit rating on the reporting date is in the investment grade range (corresponding to Commerzbank rating 2.8 or better). For financial instruments in stage 1, an impairment must be recognised in the amount of the expected credit losses from possible events of default over the term of the transaction, subject to a maximum of 12 months (12-month ECL).

Stage 2 includes those financial instruments with default risk that has increased significantly since their initial recognition and which, as at the financial reporting date, cannot be classified as transactions with limited default risk. In addition to a client-specific change in the probability of default (PD), Commerzbank defines further qualitative criteria whose presence is assumed to denote a significant increase in default risk. Instruments are then allocated to stage 2 independently of the individual change in PD. Impairments in stage 2 are recognised in the amount of the financial instrument’s lifetime expected credit loss (LECL). For financial

instruments that are committed for an unlimited period (open transactions), a top-down approach is used to determine the LECL as a percentage of the current loss at default (LaD) on the basis of realised historical losses.

Financial instruments that are classified as impaired as at the reporting date are allocated to stage 3. As the criterion for this, Commerzbank uses its definition of a default pursuant to Article 178 CRR as well as the supplementary EBA guidance on the application of the definition of default pursuant to Article 178 of Regulation (EU) No. 575/2013. This approach is consistent because the ECL calculation also uses statistical risk parameters derived from the Basel IRB approach, which are modified to meet the requirements of IFRS 9.

The following events can be indicative of a customer default:

- over 90 days past due;
- unlikely to pay;
- financial rescue/distressed restructuring with concessions;
- the Bank has demanded immediate repayment of its claims;
- the customer is in insolvency.

The LECL is likewise used as the value of the required impairment for stage-3 financial instruments in default. When determining the LECL, the Group distinguishes in principle between significant and insignificant cases. The amount of the LECL for insignificant transactions (volumes up to €5m) is determined based on statistical risk parameters. The LECL for significant transactions (volumes greater than €5m) is the expected value of the losses derived from individual expert assessments of future cash flows based on several potential scenarios and their probability of occurrence. The scenarios and probabilities are based on assessments by recovery and resolution specialists. For each scenario – without regard to whether it is a continuation or sale scenario – the timing and amount of the expected future cash flows are estimated. Both the customer-specific and the macroeconomic situation are taken into account (for example currency restrictions, currency value fluctuations, commodity price developments), as well as the sector environment, with a view to the future. The estimate is also based on external information. Sources include indices (e.g. World Corruption Index), forecasts (e.g. by the IMF), information from global associations of financial service providers (e.g. the Institute of International Finance) and publications from rating agencies and auditing firms.

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If a default criterion no longer applies, the financial instrument recovers and, after the applicable probation period has been adhered to, is no longer allocated to stage 3. After recovery, a new assessment is made based on the updated rating information to see if the default risk has increased significantly since initial recognition in the balance sheet and the instrument is allocated to stage 1 or stage 2 accordingly.

Financial instruments which when initially recognised are already considered impaired as per the aforementioned definition ("purchased or originated credit-impaired", or "POCI", financial instruments) are handled outside the three-stage impairment model and are therefore not allocated to any of the three stages. The initial recognition is based on fair value without recording an impairment, but using an effective interest rate that is adjusted for creditworthiness. The impairment recognised in the income statement in subsequent periods equals the cumulative change in the LECL since the initial recognition in the balance sheet. The LECL remains the basis for the measurement, even if the value of the financial instrument has increased.

Claims are written off in the balance sheet as soon as it is reasonable to assume that a financial asset is not realisable in full or in part and that the claims are therefore uncollectible. Uncollectibility may arise in the settlement process for various objective reasons, such as the demise of the borrower without realisable assets in the estate or completion of insolvency proceedings without further prospect of payments. Moreover, loans are generally regarded as (partially) uncollectible at the latest 720 days after their due date and are (partially) written down to the expected recoverable amount within the framework of existing loan loss provisions. Such a (partial) write-down has no direct impact on ongoing debt collection measures.

#### Assessment of a significant increase in default risk

Commerzbank's rating systems combine into the customer-specific probability of default (PD) all available quantitative and qualitative information relevant for forecasting the default risk. This metric is based primarily on a statistical selection and weighting of all available indicators. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions.

Commerzbank essentially uses the probability of default (PD) as a frame of reference for assessing whether the default risk of a

financial instrument has increased significantly since the date of its initial recognition. By anchoring the review of the relative transfer criterion in the robust processes and procedures of the Bank's Group-wide credit risk management framework (in particular, early identification of credit risk, controlling of overdrafts and the re-rating process), the Bank ensures that a significant increase in the default risk is identified in a reliable and timely manner based on objective criteria.

Commerzbank applies some key additional qualitative criteria for the allocation to stage 2. These are:

- overdrafts > 20 days;
- clients in intensive care whose Commerzbank credit rating is 4.6 or worse on the reporting date;
- clients in intensive care whose Commerzbank credit rating on the reporting date is 4.0 or worse and whose external credit rating is 5.0 or worse;
- customers who are granted a forbearance measure according to Article 47b CRR that does not lead to a default (stage 3);
- guarantees and letters of credit that do not meet the definition of a "financial guarantee" under IFRS 9, Appendix A.

For further information on procedures and processes as well as governance in credit risk management at Commerzbank, please refer to the statements in the Group Management Report (pages 106 ff.).

The review to determine whether the default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the end of the reporting period. This review compares the observed probability of default over the residual maturity of the financial instrument (lifetime PD) against the lifetime PD over the same period as expected on the date of initial recognition. In accordance with IFRS requirements, in some subportfolios, the original and current PD are compared based on the probability of default over a period of 12 months after the end of the reporting period (12-month PD). In these cases, the Bank uses equivalence analyses to demonstrate that no material variances have occurred compared with an assessment using the lifetime PD.

A quantile and then thresholds in the form of rating levels are set using a statistical procedure in order to determine whether an increase in the PD compared with the initial recognition date is "significant". These thresholds, which are differentiated by rating models, represent a critical degree of variance from the expectation of the average PD development. If the current PD exceeds this threshold, a critical deviation is present and leads to an assignment to stage 2.

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#### (61) Average number of staff employed by the Bank during the financial year

These figures include both full-time and part-time personnel. Not included in the figures is the average number of employees undergoing training within the Group.

	2022			2021		
	Total	male	female	Total	male	female
<b>Group</b>	<b>42,378</b>	<b>20,172</b>	<b>22,206</b>	<b>45,387</b>	<b>21,332</b>	<b>24,055</b>
In Germany	28,213	13,571	14,643	31,423	14,857	16,565
Outside Germany	14,165	6,601	7,563	13,964	6,475	7,490

#### (62) Related party transactions

As part of its normal business, Commerzbank Aktiengesellschaft and/or its consolidated companies engage in transactions with related entities and persons. These include subsidiaries that are controlled but not consolidated for reasons of materiality, joint ventures, associated companies, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Banking transactions with related parties are carried out at normal market terms and conditions.

Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

Besides the stake held by the German federal government, other factors (including membership of the Supervisory Board) that could potentially allow a significant influence to be exerted on Commerzbank Aktiengesellschaft also need to be taken into account. Accordingly, the German federal government and entities

controlled by it are classified as related entities and persons in accordance with IAS 24.

##### Transactions with non-consolidated subsidiaries

The assets relating to non-consolidated subsidiaries in the amount of €106m (previous year: €191m) as at 31 December 2022 included primarily loans and advances. Liabilities in the amount of €178m (previous year: €176m) comprised mostly deposits. The income of €50m (previous year: €54m) comprised primarily interest and commission income as well as the net gain or loss from trading and remeasurement. The expenses in the amount of €53m (previous year: €55m) resulted largely from goods and services. In the course of its ordinary banking activities, the Bank granted guarantees and collateral totalling €89m (previous year: €84m).

##### Transactions with joint ventures

No transactions took place with joint ventures. In the previous year we also reported no income or expenses with joint ventures.



**Transactions with associated companies**

The assets relating to associated companies in the amount of €26m (previous year: €4m) as at 31 December 2022 included primarily financial assets. Liabilities in the amount of €32m (previous year: €24m) comprised mostly deposits. The income of €18m (previous year: €10m) resulted primarily from interest income. Expenses in the financial year amounted to €1m (previous year: €0m). In the course of its ordinary banking activities, the Bank granted guarantees and collateral totalling €3m (previous year: €4m).

**Transactions with other related entities/persons**

As in the previous year, Commerzbank has no assets pertaining to other related entities/persons. Liabilities in the amount of €455m (previous year: €322m) comprised mostly deposits. The deposits were mostly attributable to external providers of occupational pensions. The income of €1m (previous year: €2m) resulted primarily from interest income. The expenses of €9m (previous year: €9m) resulted primarily from interest expenses. Guarantees and collateral in the amount of €27m were granted in the course of the Bank's ordinary banking activities (previous year: €34m).

**Transactions with entities controlled by the German federal government**

Commerzbank has transactions with private-law subsidiaries of the German federal government as well as Deutsche Bundesbank. The

assets relating to entities controlled by the German federal government as at 31 December 2022 in the amount of €58,673m (previous year: €31,570m) comprised primarily deposits with Deutsche Bundesbank totalling €57,475m (previous year: €29,711m). Of the liabilities relating to entities controlled by the German federal government in the amount of €12,605m (previous year: €13,693m), €12,572m were deposits (previous year: €13,671m). As at 31 December 2022, the Bank had granted guarantees and collateral totalling €237m (previous year: €213m) to entities controlled by the German federal government. The income of €146m (previous year: €36m) resulted primarily from trading and remeasurement as well as from interest income. The expenses of €10m (previous year: €75m) resulted primarily from interest income.

**Transactions with key management personnel**

The assets relating to key management personnel in the amount of €4m (previous year: €7m) as at 31 December 2022 comprised loans and advances. The liabilities of €4m (previous year: €4m) included deposits from key management personnel. The expenses represent personnel expenses in the amount of €23m (previous year: €23m) and include remuneration for key management personnel, salaries of the employee representatives on the Supervisory Board who are employed by Commerzbank Group.