

and the effectiveness of the risk management system (especially the internal control system), compliance and the internal audit function. It also provides support in monitoring the performance of the annual audit, particularly with regard to the independence of the auditor and the services provided by the auditor. The Audit Committee also monitors remediation of deficiencies identified by the auditor within the scope of the follow-up and reporting done by the internal audit function (Group Audit).

Group Audit reports to the Supervisory Board and its appointed committees in line with regulatory requirements and by means of summary quarterly reports about the work it has carried out and its material findings. Group Finance (GM-F), which reports directly to the CFO, is responsible for ensuring that the financial statements are drawn up in compliance with the relevant laws and internal and external guidelines. Within GM-F, Accounting and Controlling Policies & Guidelines is the department responsible for drawing up accounting guidelines and publishing them on the intranet. Implementation of these accounting guidelines supports consistent and correct financial reporting across the Group. The key areas of the cluster delivery organisation located within GM-F are responsible for the operation and ongoing technical and functional development of the infrastructure for core finance processes.

Controls to minimise risk

Controls at the Bank are integrated directly into operating processes, either technically or manually (i.e. by means of organisation). Technical controls are used in the IT systems employed and consist, for example, of check sums and verification digits. Technical controls are often complemented by manual controls such as screen approvals carried out by the responsible employees. Further measures such as approval authorities, the separation of functions and the issuing of IT permissions also help increase data quality. Additional controls are in place during further processing to check that the data entered is complete and accurate.

Monitoring by Group Audit

Group Audit (GM-A) is the internal audit function. It provides independent, objective and risk-oriented auditing and advisory services for the Board of Managing Directors with a view to optimising the compliance, security and cost-effectiveness of Commerzbank's business processes. GM-A supports the Board of Managing Directors by evaluating the appropriateness and effectiveness of risk management, the internal control system and business processes in a systematic and targeted manner, providing support on key projects in an internal auditing capacity and issuing recommendations. In doing so, it contributes to the security of business processes and assets.

GM-A is directly accountable to and reports to the full Board of Managing Directors. It performs its functions autonomously and

independently. Particularly with regard to reporting and the assessment of audit results, GM-A is not subject to any directives. Based on MaRisk, its auditing activities, underpinned by the principle of risk-oriented auditing, essentially extend to all of the Group's activities (including projects) and processes, regardless of whether these take place within the Group or are outsourced. GM-A's activities complement the work of the subsidiaries' internal audit departments within the framework of Group risk management. It may involve these departments in its auditing activities.

The role of the internal audit function is to examine and assess the operating effectiveness and design of risk management in general and the ICS in particular, and the compliance of all Commerzbank's activities and processes, in a risk-oriented and process-independent manner. In performing its duties, GM-A has a full and unrestricted right to information.

GM-A promptly prepares a written report on each audit; recipients include the responsible members of the Board of Managing Directors. On the basis of internal and external audit reports, GM-A oversees and documents the steps taken to remedy any reported deficiencies within the period of time specified for this. If the required action is not taken in time, a multi-stage escalation process comes into effect. GM-A also prepares an annual report on the audits that it has carried out during the course of the financial year, adherence to the audit plan, significant deficiencies and the corrective measures taken, and presents this report to the Board of Managing Directors.

The financial reporting process

The financial reporting processes at Commerzbank are supported by IT systems integrated into each process. The annual financial statements of Commerzbank Aktiengesellschaft in Germany are produced using a financial architecture consisting of a financial data warehouse that provides a consistent repository of basic information, and standard SAP software for the financial function. The parent company in Germany therefore has a single solution using consistent financial data for the financial statements under both IFRS and the German Commercial Code.

As part of the input process for financial reporting, all information relevant for drawing up the financial statements of Commerzbank Group under IFRS and Commerzbank Aktiengesellschaft under the German Commercial Code is submitted to GM-F by the reporting units. Data is transmitted via an online data entry functionality directly into SAP EC-CS consolidation software, which has been adapted to the Bank's requirements. Subsidiaries submit IFRS data; German and foreign branches also submit data under the German Commercial Code. Data is automatically checked for consistency before transmission to GM-F. Once the plausibility checks have been successfully completed, the individual reports can be finalised. Further plausibility checks are carried out using this data in GM-F. After

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these checks have been successfully completed, the Commerzbank Aktiengesellschaft annual financial statements are drawn up and all the necessary steps are taken to produce the Group financial statements. Drawing up the Group financial statements involves individual consolidation steps (e.g. consolidating equity, liabilities, income and expenses), currency translation and the elimination of intra-Group profits.

IFRS segment reporting is done on a separate IT system. This involves reconciliation with the data from accounting.

Measures to further enhance the ICS over financial reporting

The ICS over financial reporting has been adapted to meet the needs of the Commerzbank Group and it is enhanced further on an ongoing basis. To this end, Control Environment Finance (CEF) has been permanently implemented at Group Finance. CEF is based on the GM-F “process map”. This is a top-down representation of all key processes, which is refined with descriptions of procedures and in which the risks in relation to the reliability of financial reporting are determined, applying the COSO framework. The Bank also follows the recommendations of ISA 315. This involves checking whether a risk can be assigned to one of the following three categories and their various aspects:

- Assertions about classes of transactions: their occurrence, completeness, accuracy, allocation to the correct period and the correct account;
- Assertions about account balances at the reporting date: existence, rights and obligations, completeness, valuation and allocation;
- Assertions about presentation in the financial statements and about the notes to the financial statements: occurrence, rights and obligations, completeness, presentation and understandability, accuracy and measurement.

Suitable controls are implemented to minimise the risks identified, and these in turn are also assigned to the ISA 315 categories and their various aspects. With respect to the effectiveness of the ICS, the way in which the controls are designed in the form of appropriate steps and embedded into the respective processes and the way the controls are performed at the operating level are decisive factors in minimising risk.

The ICS over financial reporting is reinforced by regular assessment of the effectiveness and efficiency of key controls and regular checks on how controls are implemented.

This procedure ensures that risks are identified and minimised and that any negative developments on the operational side are avoided.

Other

No material changes have been made to the financial reporting ICS since the reporting date.

Combined separate non-financial report

The success of the Commerzbank Group is also shaped by non-financial factors. We report on these factors for the Group and for Commerzbank Aktiengesellschaft in this “combined separate non-financial report” (hereinafter the “non-financial report”) according to the requirements of the German Act on Strengthening Corporate Non-Financial Reporting (CSR-Richtlinie-Umsetzungsgesetz (CSR-RUG)). According to the law, information is required as a minimum on environmental protection, treatment of employees, social responsibility, respect for human rights and the fight against corruption and bribery. Commerzbank has also decided to report on a sixth, essential topic, the treatment of customers, as the Group’s customer focus is a key non-financial success factor for the Group. The issues that are material for an understanding of the business performance and situation of Commerzbank Aktiengesellschaft and the Group and which have a significant impact on our business activities have been identified in a materiality analysis. Details on the legal requirements and the reporting format can be found in the section “About this report” on page 85 f.

Our responsibility

Companies can have economic success only if their daily actions are accepted by society. Commerzbank also emphasises this in its strategic objectives. We want to live up to this responsibility. We have long defined binding rules for handling environmental and social risks. That is why we have adopted a clear stance on controversial issues such as arms, fossil energies and mining. Transparency and fairness towards our customers are one of the key pillars of sustainable business development. We treat our employees as partners – even and especially at times of great upheaval and economic challenges. The far-reaching restructuring scheduled to begin in 2021 will lead to a further loss of jobs. Here, too, Commerzbank Aktiengesellschaft will do everything it can to agree fair solutions for the headcount reduction in consultation with the employee representatives.

2020 was another challenging year. It was an impressive reminder of how important it is for every individual to take responsibility for how we live together as a society. The coronavirus pandemic has changed the daily lives of every single one of us. Protecting health is Commerzbank’s top priority in the coronavirus pandemic. Commerzbank Aktiengesellschaft has set up a crisis team to respond to developments and decide on new measures and coordinate them. Our primary goal is to protect our employees and customers. This includes, among other things, the temporary closure of many branches, the restriction of business trips and a split business operation. A large part of the workforce is working from home on a mobile basis in order to avoid contact

with others. In recognition of additional burdens, all active employees and junior staff of Commerzbank Aktiengesellschaft in Germany and abroad received a lump-sum special payment of €500 at the end of the year. At the same time, we have made it possible to continue to stand by our customers’ side during this stressful period.

Further developing the strategy

With the strategic measures published in mid-February 2021, we have anchored sustainability even more firmly in our business model. As a bank, we are committed to the Paris Agreement’s goal of limiting global warming to well below two degrees Celsius and are aiming for the 1.5-degree target.

The “Sustainability 5.0” project, which was launched in 2019, has been incorporated into the new strategy and Group and divisional management boards have assumed responsibility for it. The customer segments, risk management and numerous other Group divisions are involved in the Group-wide project. The project team has developed three overarching thrusts: First, we will support our customers in becoming more climate-friendly. This includes the promotion of emission-reducing technologies through suitable financing solutions, for example. Because at Commerzbank we are convinced that we can do the most to achieve climate targets when we work together with our customers. Secondly, we aim to simultaneously reduce CO₂ emissions from the loan portfolio by managing it in line with climate targets. Overall, we will continue to expand our range of environmentally friendly products. And thirdly, we will also set a good example as a company and consistently continue to reduce our ecological footprint.

Specific targets have been defined for all segments and divisions, which provide guidance and are to be implemented in the coming years. The 100-goal sustainability programme adopted in 2017 was completed on schedule after three years with a final status report. The new objectives will follow the programme, including, for example, the new climate target: Compared to 2018, greenhouse gas emissions at Commerzbank Aktiengesellschaft are to be reduced by a further 15% by 2025. For the first time, the new climate target will apply to international locations in around 20 countries. The management of the loan portfolio will also be implemented in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

In December 2020, the new Group Sustainability Management division was established, which reports to the Chairman of the Board of Managing Directors. In this way, Commerzbank is underscoring the strategic importance of the issue and taking into account the requirements of relevant stakeholder groups such as customers and investors. In continuation of the previous sustainability management, the new division will in the future act

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as a hub for coordinating existing sustainability activities, developing them further and initiating new ones. One of the aims is to establish comprehensive governance alongside a holistic and long-term sustainability strategy and thus to further promote internal networking on the subject.

In 2020, Commerz Real adopted a company-wide sustainability strategy with long-term goals and measures aimed, among other things, at reducing CO₂ and contributing to the overarching goals of the Commerzbank strategy.

In December 2019, mBank – in its capacity as an independent institution – also published its new strategy “Growth fuelled by our clients” for the years 2020 to 2023. mBank incorporates sustainability issues into its business strategy and conducts its business in accordance with the relevant United Nations Sustainable Development Goals. It aims to become one of the top three social responsibility leaders in the banking sector by 2023 by continuing to raise awareness, promote prosperity, advocate education, and directly and indirectly address climate and environmental protection.

Joining forces

In June 2020, Commerzbank Aktiengesellschaft signed a climate commitment together with 15 other players in the German financial sector. In it, the Bank undertakes to align its credit and investment portfolios with the targets of the Paris Agreement. In addition, the Bank has supported the TCFD since September 2020 and joined the Science Based Targets Initiative (SBTi) at the same time. The TCFD recommendations provide the framework for addressing and reporting on climate change in the future. In addition, as an SBTi member, the Bank is committed to a science-based reduction of CO₂ in its loan portfolio.

The Asset Management areas of Commerzbank Aktiengesellschaft and Commerz Real also pledged in September to uphold the Principles for Responsible Investment (PRI). These are just a few current examples from a host of initiatives underlining Commerzbank’s commitment to sustainable development. Commerzbank Aktiengesellschaft and mBank are also signatories to the UN Global Compact and as such respect its ten principles covering human rights, labour standards, the environment and anti-corruption.

Measuring success

Our sustainability ratings and our inclusion in the relevant indices demonstrate that we are on the right track. In 2020, major rating agencies for sustainability gave Commerzbank Aktiengesellschaft a rating above the sector average: a “C” rating and thus Prime status from ISS ESG (ESG stands for “environmental, social and governance”), an “A” from MSCI, a “B” from CDP and a “medium risk” rating from Sustainalytics (23.3 points). In 2020, Commerzbank Aktiengesellschaft was added to the new DAX 50 ESG index as well as two Euronext ESG indices. It continues to be

included in the FTSE4Good sustainability index and three of ECPI’s ethical and ESG-equity indices. In the year under review, MSCI ESG Ratings also rated mBank as “A”. Furthermore, Sustainalytics rated mBank’s risk profile as “low” and attested to no material controversies. In the Warsaw Stock Exchange’s WIG-ESG index, mBank belongs to the group of companies considered to be socially responsible. mBank is also a member of the FTSE4Good index. The rating agency Scope gave Commerz Real an A-ESG in its ESG capability rating and gave its open-ended real estate fund hausInvest an ESG compliance rating.

Commerzbank repeatedly receives awards for its commitment to the environment and society. For example, in 2021 the Canadian organisation Corporate Knights once again included Commerzbank Aktiengesellschaft in the Global 100 Most Sustainable Corporations in the World Index. It is ranked 67th and is one of the top ten most sustainable banks.

Below we explain the specific details of how we fulfil our responsibility to the environment and society and to our customers and employees. The successes we have achieved to date, and what we are still working on. What we stand for, and what we are involved in.

Our contribution to sustainable finance

Financial institutions play an important role when it comes to limiting global warming, an objective which the international community has committed itself to with the 2015 Paris Agreement. One of the three goals agreed was to bring global financial flows in line with climate targets. New projects and technologies are intended to reduce greenhouse gas emissions and promote climate-resistant developments. The aim is a gradual decarbonisation of industry with the aid of financial instruments. This can be done, for example, by promoting renewable energies or forgoing certain transactions such as financing new coal mines or coal-fired power stations.

This financial industry contribution to sustainable development, known as “sustainable finance”, offers numerous opportunities for us as a bank: the energy revolution and reduction in CO₂ emissions are creating a need for new technologies and products requiring large investments. Moreover, there is growing interest from investors and customers in sustainable investment opportunities. That is why we are developing products and services that take account of these changes while offering an environmental or social benefit. At the same time, we want to prevent our business activities from having a negative impact on the environment and on society and avoid or mitigate any resultant risks.

Holistic risk management

The integration of non-financial aspects into the Bank’s risk management processes is very important for sustainable finance. In particular, these include risks resulting from climate change. We do not see climate risks as a separate, “new” type of risk, but as drivers that will materialise in the known types of risk – especially in credit risk. Climate risks will hit us no matter what. The reorientation of companies and society gives rise to transitory risks (transition risks). Physical risks will increase if the shift to a climate-neutral future is not made quickly and consistently enough. Physical risks include rising sea levels and flooding for the real estate sector, along with crop failures in agriculture or low water levels in rivers, with implications for the transport and chemical industries. Companies encounter transition risks, for example, as a result of changes in energy policy, price changes or technological changes.

In 2020, we examined the possible future impact of physical and transitory risks on the loan portfolio as part of a scenario analysis. To this end, we tested our portfolio in various scientific climate scenarios of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). As a result, we were able to identify the industries that are likely to be particularly affected by climate risks. We then examined the chain of effects for these sectors in greater detail.

Credit risk management already incorporates climate issues in country and sector analysis. Lending decisions for companies and institutional customers therefore take into account not only an individual risk assessment but also – where relevant – the extent to which they involve climate risks and the level of resistance to them. In the future, we will incorporate the specific findings from the scenario analyses.

We have started with the climate risk analysis, especially for larger companies in particularly affected sectors, and will continue to gradually systematise it in the future and embed it in the processes in a standardised manner. The aim is to quantitatively integrate climate risks into the credit risk analysis wherever possible in the future.

Taking a position

In addition to climate risks, there are other risks to the environment and society that arise from our core business. These are assessed in Commerzbank Aktiengesellschaft’s Reputational Risk Management department. The Bank has adopted a clear position on controversial issues such as weapons, palm oil, speculative trading in basic foodstuffs or fossil energies. Our process for managing these risks is described in detail in the framework for handling environmental and social risks in the core business, which is published online. The framework also includes all industry-specific requirements, for example relating to mining, energy, oil and gas. Cross-sector requirements relate to human rights and indigenous peoples. Exclusion criteria were defined for particularly critical products, transactions or business relationships. These include projects related to fracking or tar sands, but also the Group-wide decision not to finance new coal mines or coal-fired power stations.

mBank has also formulated its own exclusion criteria for various sectors, including mining, energy and transport, based on the EU’s climate and energy policy. When assessing sustainability risks, Commerzbank Aktiengesellschaft does not limit itself to what is legally required, but also raises the question of legitimacy in legal transactions. One example of this is the arms policy. We recognise the basic right of states to defend themselves, and do not question the need for the German armed forces or NATO partners to be adequately equipped. However, our financing of military equipment is dependent on the countries involved and the type of weapons to be financed. We generally do not involve ourselves in financial transactions related to “controversial weapons”. Our arms policy also excludes arms exports to conflict zones or areas of tension. The policy is more restrictive than is required by law, and our exclusion list also includes countries that are not affected by sanctions or embargoes. The list of countries is reviewed and adjusted quarterly and on an ad hoc basis.

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Setting limits

Commerzbank Aktiengesellschaft's Reputational Risk Management department thus defines the criteria for and limits of business operations and carries out differentiated analyses of transactions, products and customer relationships. The assessment process starts in the front office: as soon as an issue defined as sensitive by the Bank is affected, Reputational Risk Management must be brought in to perform in-depth research into possible environmental and social risks that may be associated with the existing or potential business partners or the content of the transaction. The department looks at information and reports from non-governmental organisations and analysts as well as media reports and company publications. The analysis is concluded with a differentiated vote. The assessment uses a five-point scale and can result in a rejection of the product, the transaction or the business relationship.

- Key figure: In 2020, Commerzbank Aktiengesellschaft's Reputational Risk Management department assessed around 4,500 transactions, business relationships and products relating to specific environmental, social and ethical issues (2019: 5,450 votes, 2018: 5,900 votes).

The decline in votes resulted in particular from a further focus on business relationships. In view of the special risks associated with the coal and arms sectors, the Board of Managing Directors of Commerzbank Aktiengesellschaft has passed its own directive that defines many of the relevant transactions and business relationships in these areas as being subject to assessment. For example, Reputational Risk Management performs a critical, case-by-case review of all transactions relating to the delivery of individual coal-fired power plant components. Financing of arms supplies is also assessed on a case-by-case basis in accordance with the arms policy.

Breakdown of 2020 risk assessment by sector	
Sector	Number of Votes
Oil and gas	870
Energy	939
Arms	984
Agriculture and forestry	392
Mining	405
Textiles	304
Other sectors	573
Total	4,467

As a department within the Group Communications division, Reputational Risk Management falls under the direct responsibility of the Chairman of the Board of Managing Directors. The management of reputational risk also forms part of Commerzbank's overall risk strategy. If Reputational Risk Management identifies a material reputational risk in the course of an assessment, a member of the Divisional Board is always notified. In serious cases, the matter can be escalated to the Group executive body. In order to raise awareness for and identify risk concentrations at an early stage, all material and high reputational risk votes are presented to the full Board of Managing Directors and the Risk Committee of the Supervisory Board in a quarterly report.

To continue developing its reputational risk management, Commerzbank Aktiengesellschaft monitors issues of potential environmental and social relevance on an ongoing basis and checks how they may be embedded in the Bank's internal processes and evaluation criteria. All sensitive issues, positions and directives are reviewed regularly and updated as necessary. The credit decision and reporting processes are also updated if required.

The Group's formal requirements, such as the requirement for defined loan approval and decision-making rules, generally also apply to the material subsidiaries and are agreed with Commerzbank Aktiengesellschaft's Reputational Risk Management department as global functional lead. The Group companies define priorities according to the requirements of their business model, for example based on the reasons for customer complaints.

mBank in Poland operates its reputational risk management based on a commitment to the United Nations Global Compact. The policy on providing services and financing to entities operating in areas that are particularly sensitive in terms of mBank's reputational risk is designed to implement this commitment and can lead to particular lending transactions or the opening of bank accounts being turned down. mBank's reputational risk strategy is reviewed annually and coordinated with the parent company.

Sustainability effects of lending

Global efforts to combat climate change require not only favourable political conditions and new technologies, but also adequate financial resources. This entails business opportunities for Commerzbank. At the same time, the financing of green technologies and business ideas that could mitigate climate change also makes a concrete contribution towards the successful transition to a low-carbon, sustainable future economy.

In addition, we have begun to examine Commerzbank Aktiengesellschaft's loan portfolio in view of sustainability considerations in order to manage it accordingly in future. Our focus is on the CO₂ emissions associated with our business activities. The CO₂ intensity of the Bank's loan portfolio is to be steered towards the requirements of the Paris Agreement via sector-specific target values. In order to make this procedure comprehensible and to place it on a scientifically sound basis, Commerzbank Aktiengesellschaft has joined the SBTi. It advocates for the reduction of greenhouse gases on the basis of scientifically calculated targets. This enables companies to align their climate policy with the goals of the Paris Agreement and effectively counteract climate change. We will use the SBTi method to calculate and reduce the CO₂ emissions associated with our loan portfolio ("financed emissions"). As a concrete first step, we have identified the CO₂-intensive industries in our overall portfolio and are gradually determining the level of CO₂ pollution associated with these sub-portfolios.

Promoting renewable energies

Commerzbank Aktiengesellschaft has extensive experience with renewable energies. Corporate and project financing along the value chain have been part of our portfolio since the 1980s and will continue to be a growth area for us in the future. The core business of the Competence Center Energy (CoC Energy) with its sites in Hamburg and New York is the global provision of finance to wind and solar parks operated in particular by independent power producers, project developers, institutional investors and utilities. We are now one of the main financiers of renewable energies in Europe and are also increasingly driving internationalisation forward in the rest of the world. Among the new deals in 2020, onshore wind and photovoltaic financing in the USA, Spain, France and the Netherlands are particularly noteworthy. As in previous years, offshore wind was once again a core topic.

- Key figure: CoC Energy's loan exposure (exposure at default) came to around €5.1bn in 2020 (2019: €5.1bn, 2018: €4.6bn).

mBank in Poland continues to step up its commitment to environmentally friendly product solutions and is therefore steadily increasing its share of financing for renewable energy projects. In March 2020, the funding limit was increased to around €441m (PLN2bn). In December, there was a further increase to about €882m (PLN4bn). As a result, the Bank has quadrupled its funds compared with the previous year.

Commerz Real makes a direct contribution to shaping the energy revolution through sustainable investment opportunities and ensures that electricity is obtained from renewable energy sources when managing its real estate assets.

Sustainable solutions for customers

Commerzbank Aktiengesellschaft also incorporates sustainability aspects into the development of traditional financing solutions by advising corporate customers about the advantages of public promotional loans such as KfW's energy efficiency programmes or its climate protection initiative for small and medium-sized enterprises. With a share of around 8% in KfW's sustainability programmes, we are one of the leading banks in Germany in using this type of funding for such investments by small and medium-sized enterprises. Private and small-business customers also receive attractive financing conditions for energy-efficient buildings: The green mortgage loans scheme, for example, offers preferential financing conditions for the construction, modernisation or acquisition of buildings – for personal or third-party use – whose final energy demand is less than 75 kWh per square metre of usable floor space.

Avoiding overindebtedness

Responsibility in lending business goes even further for the Private Customers segment, however: responsible lending is a holistic advisory approach that also takes account of potential changes in a customer's economic situation. In line with this approach, the Bank's Risk division has special units dedicated to early risk detection. Their tasks include identifying customers with signs of financial problems early on – and thus before the emergence of problems threatening their existence, if possible – and reaching a joint agreement on measures to be taken which will, ideally, lead to a regular repayment process. For example, in 2020, due to the coronavirus pandemic, we enabled our private customers to temporarily suspend their loan instalments over and above the statutory regulation. We also informed our customers in good time about the end of the suspension.

Sustainable investments and capital market products

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

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Developing sustainable bonds and loans

Back in 2007, the former investment banking firm Dresdner Kleinwort played a leading role in the world's first green bond. Since then, we have supported a large number of customers in preparing and issuing sustainable bonds. In the year under review alone, Commerzbank Aktiengesellschaft acted as lead manager for the issue of 31 sustainable bonds with a total volume of more than €46bn. We are also active in various industry associations and similar interest groups, thus helping to actively develop the market for sustainable bonds. Commerzbank Aktiengesellschaft issued its own green bond transaction for the second time in the year under review. The issue of €500m was once again used to finance renewable energy projects. The final order book had a volume of more than €4bn and was thus eight times subscribed. At the time of the issue in September 2020, the calculation of potential CO₂ savings from the projects financed was around 850,000 tonnes per year. We review the actual CO₂ savings annually and disclose them as part of Impact Reporting, which is reviewed by the sustainability rating agency Sustainalytics and published on the Commerzbank website.

In 2020, the Bank also acted as joint lead manager in the issue of the German federal government's first green bond. For us, the federal government's mandate is recognition of our achievements in this market, for although the market segment is still relatively young, we have extensive expertise in this area. Shortly thereafter, we assisted the European Union in issuing two social bonds under the SURE programme, with which the EU helps member states deal with the impact of COVID-19 and safeguard jobs in the EU.

- Key figure: The total volume of all green and social bonds issued under the lead management of Commerzbank Aktiengesellschaft in 2020 was €46.3bn (2019: €12bn, 2018: €11.4bn).

Commerzbank Aktiengesellschaft also arranges, structures and places sustainable promissory note loans and syndicated loans in the form of green loans or ESG-linked loans for companies in a wide range of sectors. ESG-linked loans, also known as positive incentive loans, are a comparatively new product category but one that is seeing very dynamic growth. With this type of syndicated loan, the conditions are linked to sustainability criteria such as the borrower's ESG rating. The better the criteria perform, the lower the interest rates – and vice versa. Commerzbank Aktiengesellschaft was involved in 27 green or ESG-linked loans with a total volume of €44.4bn in 2020. Since 2017, we have been participating in working groups of the Loan Market Association to actively shape the implementation of sustainability in the syndicated loan market.

Sustainability aspects are also playing an increasingly important role in the Bank's own investments. As part of its liquidity management activities, Commerzbank Aktiengesellschaft is increasingly investing in sustainable bonds and building up its own ESG portfolio. To this end, the Bank plans to invest an increasing proportion of its own assets in green and social bonds. By the end of 2020, the volume had already reached around €1bn. Commerzbank takes sustainability aspects into account in its company pension scheme in Germany, with asset managers only selected for the pension plan if they have signed the UN Principles for Responsible Investment (PRI).

Investing customers' money sustainably

Commerzbank also offers its customers an increasing range of opportunities to participate in the growing responsible investment market, for example through sustainability funds offered by various providers for private and institutional customers. Wealthy private individuals and corporate customers can agree individual sustainable asset management with Commerzbank Aktiengesellschaft where, on the equity side, investments are made in particular in individual equities with a high sustainability rating. We have set ourselves the goal of tripling the percentage of sustainable investments in the total volume of assets managed by Asset Management for retail banking by the end of 2020 versus the 2017 level. We achieved this goal back in spring 2020. The total volume now amounts to around €400m.

In addition, institutional investors who obtain their equity research from Commerzbank Aktiengesellschaft have also been receiving quantitative sustainability indicators from Arabesque S-Ray along with in-depth analyses of ESG factors on specific individual stocks. Commerzbank Research evaluates companies in terms of their compliance with the principles of the UN Global Compact and draws up an ESG score. This information is made available to customers in addition to fundamental equity votes.

comdirect's motif-investing product enables customers to make targeted investments in megatrends, including sustainability. To create a sustainability custody account, for example, comdirect makes available selected sustainable funds, exchange-traded funds (ETFs) and equities, from which customers are able to compile a custody account of their choice. comdirect customers can also choose between a number of sustainable products in other investment formats such as savings plans or ETFs. mBank is also active in this segment, having launched the first ESG investment strategy on the Polish market in September 2019. Private banking customers can now invest in ETF-based portfolios of equities and bonds that have a positive impact on the environment and society.

Commerz Real combines sustainable investment opportunities with a direct contribution to shaping the energy revolution: it invested in solar energy for the first time back in 2005, and since then it has made investments in a large number of solar plants accessible to private investors through funds. Since 2016, professional investors have also had the opportunity to invest in onshore wind energy systems. This was extended to offshore systems in 2019. With a total annual output of around 1,017 megawatts from around 51 ground-mounted solar power plants and 17 onshore/offshore wind parks, Commerz Real is now one of the biggest German asset managers in this segment. The total transaction volume in renewable energies came to around €2bn at the end of 2020.

In October 2020, Commerz Real launched the first impact fund “klimaVest” – and thus the first open-ended real asset fund in the field of renewable energies for private investors with redemption rights in the form of an ELTIF (European Long-Term Investment Fund). In this context, Commerz Real invests mainly in facilities for the generation of renewable energy and in the infrastructure of the energy revolution. The fund’s investment objective is to generate attractive risk-adjusted returns for investors from long-term investments while making a measurable positive contribution to the achievement of environmentally sustainable objectives as defined by the EU taxonomy. In doing so, klimaVest shows its investors the fund’s specific overall CO₂ savings and what share is attributable to each respective investor. klimaVest’s volume stood at around €100m as at the end of 2020. By 2025, the total volume is expected to rise to €4.5bn, with a target of around €2.2bn in equity.

Commerz Real also attempts to improve sustainability in the management of its real estate assets, for example by obtaining electricity from renewable energy sources. For this reason, a large part of the common areas as well as the technical building systems of the German and French hausInvest real estate portfolios are supplied with green electricity. A green electricity tariff developed by Mainova AG for Commerz Real will be offered to all tenants in Germany. In addition, all German office, commercial and residential properties in the hausInvest special fund are currently being equipped with intelligent electricity metering systems. These smart meters enable individual energy management. Sustainability criteria are also integrated in the due diligence process when buying real estate and infrastructure assets. In hausInvest, which is one of the largest open-end real estate mutual funds in Germany with around €16.57bn in fund assets (as at the end of 2020), a large number of properties already have building-related sustainability certificates and/or WiredScore certificates, which certify properties as having a good digital infrastructure or sustainability, for example.

Commerz Real is currently testing an app in Warsaw and Chicago that allows contactless access to buildings by scanning a QR code. It also functions as a communication and information platform, for example on coronavirus cleaning measures.

Trading or offsetting emissions

Commerzbank Aktiengesellschaft participates in the European Emissions Trading Scheme (EU ETS). It advises companies on the procurement of carbon emissions rights and certificates and the associated risk management aspects, and implements the resulting trading strategies for customers. This is accompanied by the option of voluntary carbon offsetting for companies not subject to the mandatory EU ETS. As a member of the World Bank’s Carbon Pricing Leadership Coalition (CPLC), the Bank also participates in the global debate on carbon pricing.

Our responsibility towards customers

Customer orientation is one of the five “ComWerte” corporate values guiding us in our day-to-day activities. Commerzbank can only be successful on a sustainable basis if its customers are satisfied. We therefore design our products and services to serve the interests of customers, and we treat customer satisfaction as one of the most important metrics in evaluating our business success.

The coronavirus pandemic presents our customers – and us – with enormous challenges. Many of our customers have been affected by the coronavirus pandemic and we have responded to this. In more than 20,000 advisory meetings with our corporate and small-business customers, we have developed solutions to help them overcome the economic challenges of the coronavirus crisis. Because we stand firmly by our customers’ side. And although a large number of branches had to close temporarily, our customer advisors were still available. The use of digital channels has been expanded so that customers can carry out banking transactions regardless of whether a branch is open or their personal state of health. In all regions, on-site service was continuously maintained at larger locations under special hygiene precautions. In addition, the self-service areas remained open at all locations. The implementation of protective measures is also a matter of course for the reopening of all other branches.

The protection of customer data and compliance with banking secrecy requirements are also of the utmost importance in this era of increasing digitalisation. With this in mind, data security has been included in the strategic measures as one of three key topics for responsible banking.

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Data security

The Security Board determines Commerzbank's security strategy. International protection of data privacy is implemented through a governance model with defined roles and responsibilities, policies and directives, standardised processes and control mechanisms.

Preventing 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.

To adequately address both this trend and future challenges relating to the management of cyber risks, since January 2020 Commerzbank has managed cyber and information security risks via the new 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 Information Security Management System, 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 risk relating to areas such as HR, procurement, business continuity management and physical security. Commerzbank Aktiengesellschaft is also a founding member of the German Competence Centre against Cyber Crime (G4C) association, which cooperates 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 has also been warning about threats from the digital world for many years. It launched its first cyber security initiative back in 2015. Since then, the topic has been addressed in an annual campaign. In the past, mBank has received awards for its efforts in this area, and it launched another cyber security campaign in 2020.

Ensuring data protection

The Group data protection policy forms the basis for the proper handling of personal data and customer-related information. It includes principles applicable Group-wide for the collection, processing, use and international transmission of personal data. The individual companies are responsible for implementing these principles, as Group-wide collection is not permitted for data protection reasons.

The data protection officers of Commerzbank Aktiengesellschaft provide assistance to the Bank's business units in Germany and abroad and monitor adherence to data protection provisions in compliance with the law. We hold regular training events, such as mandatory tutorials on the protection of data privacy as well as a seminar on data protection in practice and the offer of individual information events, to ensure that our employees remain sensitised to, and informed of, the issues surrounding the protection of data privacy and data security.

The data protection management system at comdirect comprises an established central monitoring authority in the shape of a data protection officer in addition to a data protection management unit, which is responsible for the active management of all the company's data protection activities. In Poland, the mBank data protection officer and the associated team support the bank's business units.

In view of the fact that the Bank has around eleven million customers in Germany, around 5.7 million customers in Poland, the Czech Republic and Slovakia, as well as around 30,000 corporate client groups, multinational groups, financial service providers and institutional customers worldwide, the number of data protection complaints was again comparatively low in 2020. For example, the data protection officer of Commerzbank Aktiengesellschaft in Germany received 360 customer complaints in the year under review. In most cases, the complaint was that customer data had been subject to unauthorised use or had been obtained by third parties.

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 analyses, and for improved customer service and cross-selling. To comply with the high data protection standards, Commerzbank Aktiengesellschaft works with pseudonymisation, anonymisation and micro-segmentation. In addition, the Bank has also established a Privacy Council to ensure that it applies uniform rules for fundamental data typing issues, especially for new applications. It is made up of representatives from the front office units, Legal, Information Security and Data Protection as well as Strategy and the BDAA Group division.

Commerzbank Aktiengesellschaft offers a range of courses for customers in Germany and at selected European locations to address CEO fraud, where corporate customers are tricked into making payments.

Data security awarded

Security was one of the assessment criteria in the 2020 online banking test conducted by the specialist magazine Chip. In this category, Commerzbank Aktiengesellschaft received the second-best rating with a score of 1.1. comdirect was rated “good” in terms of security and was able to improve its overall ranking to second place. In the study conducted by the German magazine Focus Money about online and mobile banking security among German banks (“Auf Nummer sicher”), Commerzbank Aktiengesellschaft also ranked second in the “online banking” category.

Transparency and fairness in customer relationships

Many of our customers are facing enormous challenges as a result of the coronavirus pandemic. Liquidity shortfalls in particular can have far-reaching consequences, including social implications. That is why we want to support our customers quickly and efficiently, especially in such difficult times.

In addition to the federal government’s lending programmes, the funds for which are made available by KfW via the respective principal bank, Commerzbank Aktiengesellschaft has also launched its own lending programme for SMEs. This means that customers can be provided with liquidity quickly and bridge the time until the KfW funds are disbursed. We also automated the KfW rapid loan and entrepreneur loan programmes from April to September 2020 with the help of smart automation technology. By eliminating many manual steps in the application process, we can process inquiries more quickly, shorten processing times, increase data quality and at the same time be more flexible in the event of a further increase in the number of KfW applications.

In order to provide financial relief to private customers who are affected by a loss of income due to the coronavirus pandemic, for example as a result of short-time working, we are offering instalment breaks for instalment loans and mortgage financing that go beyond the legally prescribed deferrals. In order to process the many applications for all products in a timely manner, the Bank has built up additional resources.

However, fairness towards our customers also means for us that we provide comprehensive and readily understandable advice on financial products, their risks and possible alternatives guided by the customer’s long-term needs together with transparent and readily understandable documentation of the advisory process. For example, we pursue the aspiration to provide fair and competent

advice through financial planning tools such as CustomerCompass, Strategy Dialogue and Business Owners’ Dialogue. Moreover, we have in recent years introduced new products and services that are particularly beneficial to customers. These include accounts with a security guarantee, digital instalment loans and mortgage financing with a free choice of supplier.

Measuring satisfaction

The willingness of Commerzbank customers to recommend the Bank plays an important role in the sales management of Commerzbank Aktiengesellschaft. The quality benchmark we use in the Private Customers segment is the net promoter score (NPS), an internationally recognised standard for measuring customer satisfaction. Each month, with the exception of the second quarter of 2020 due to the coronavirus lockdown, around 15,000 customers of Commerzbank Aktiengesellschaft were asked in a brief telephone interview whether they would recommend their branch or advisory unit to others. The resultant information is used to improve customer service and thereby achieve a lasting increase in customer satisfaction. The proportion of Commerzbank Aktiengesellschaft’s private and small-business customers with a strong willingness to recommend the Bank (promoters) was once again above 57% in 2020. Satisfaction is also measured via other contact channels such as the Customer Centre or online banking, in order to positively influence the customer experience in these areas. The majority of comdirect customers are also promoters of their bank under the NPS benchmark (54%).

Customer satisfaction is also a high priority for mBank. Projects such as “mSatisfaction” are designed to further strengthen customer loyalty. mBank measures satisfaction with the relationship in general and with particular products and processes in retail and corporate banking by using the NPS. The results in both customer segments substantially exceeded the Polish industry average in the year under review.

The high level of customer satisfaction is reflected in the growing number of new customers, even in difficult times: The Private Customers segment has grown by 1.9 million net new customers since the fourth quarter of 2016 despite branch closures.

- Key figure for the 2020 reporting year: The Private Customers segment of Commerzbank Aktiengesellschaft and comdirect gained around 375,000 net new customers in Germany (2019: 470,000, 2018: 420,000).

Regular customer surveys also provide the Corporate Clients segment with information on how satisfied customers are with the service they receive, and what expectations and wishes they have for the relationship. Based on the surveys, most of our corporate customers intend to take advantage of the Bank’s service offerings to the same extent as currently and are happy to recommend us.

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Engaging customers

All Group companies actively engage with customers so as to take systematic account of their interests. Experts communicate with customers through various media to ensure that their ideas and suggestions are taken into account when developing products and services. The UX Studio of Commerzbank Aktiengesellschaft supports this process with insights into the requirements and needs of users. UX stands for “user experience”, that is 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 Commerzbank’s customer focus.

mBank has a similar project known as the mLab, where banking experts meet with customers to design and test new services. In line with the design thinking method, customers become part of the process by supporting the development of solutions and the testing of prototypes. comdirect’s customer integration activities are based around the comdirect community web platform, where customers and others with an interest in the financial markets can discuss products and other financial topics with the Bank.

The Corporate Clients segment of Commerzbank Aktiengesellschaft 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 aim is to base product optimisation and innovation on the benefits provided to customers, e.g. in the field of digitalisation, and to develop new service offerings on the subject of sustainability, among other things. At Commerz Real, too, Asset Management addresses its real estate tenants directly. Their suggestions help with the optimisation of the property portfolio. In addition, a tenant guide was developed in 2020 to motivate and empower tenants to pursue sustainable living and working practices.

Removing barriers

To make Commerzbank’s products and services available to all interested parties, we 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 cash disbursements, all of Commerzbank Aktiengesellschaft’s ATMs have a read aloud function for visually impaired customers. Further information on our efforts to be inclusive, including towards our employees, can be found in the following section under “Diversity and equal opportunities”.

Our responsibility as an employer

The corporate success of the Commerzbank Group is based on qualified and motivated employees. Our 47,718 colleagues worldwide contributed their knowledge and experience to our work processes in 2020. A fundamental appreciation of the importance of fairness, respect of others and lived diversity is anchored in our ComWerte corporate values and our code of conduct; it is our responsibility as an employer to ensure its implementation.

Employer attractiveness

Commerzbank Aktiengesellschaft aims to offer its staff a working environment characterised by a spirit of partnership. Our human resources policy makes it possible to promote the development of each individual employee as well as collegial cooperation, even in a challenging economic setting.

At the same time, the Bank has to confront the challenges posed by increasing digitalisation in order to remain viable. The job cuts resulting from previous strategic measures were continued in a socially responsible manner in 2020 and almost completed. In addition, the far-reaching restructuring scheduled to begin in 2021 will lead to a further loss of jobs. Here, too, we will do everything we can to agree fair solutions for the headcount reduction in consultation with the employee representatives.

Commerzbank Aktiengesellschaft must be positioned for the future. By focusing on digitalisation and to implement the strategic agenda, we will increasingly need different skills and job profiles in certain areas in the future. That is why we are positioning ourselves accordingly for this target group in order to attract suitable experts. At the same time, it is important to counteract demographic change. Initiatives to ensure that the Bank has a healthy pipeline of future talent are firmly solidified in the HR strategic agenda. These include, for example, new trainee programmes focusing on digitalisation or a more generalist pathway. Our extensive training offering, innovative training programmes and the opportunity to pursue various development paths should also make the Bank attractive for talented young people, however.

In 2020, Commerzbank Aktiengesellschaft launched a major recruitment drive for IT graduates. We were able to take on 100 apprentices or students combining a degree course with work placement and a further 35 trainees. They are expected to drive digitalisation forward. We had to break new ground this year due to the coronavirus pandemic. The altered circumstances required a high degree of flexibility, a willingness to innovate and speed. Since in-person selection procedures for trainees or apprentices were no longer possible for recruitment purposes, we developed

remote audits. We have also resorted to remote audits or special interview procedures for our trainees. In the end, we were able to successfully complete the recruitment process and received positive feedback from our new graduates.

Commerz Real has also adapted to the new circumstances and developed an onboarding app for new employees. Since December, this has enabled a seamless onboarding process from the day the contract is signed. The app contains information about working practices, IT systems, but also insights into the culture and teams.

Developing employees

Commerzbank Aktiengesellschaft offers a host of optional and mandatory training modules, such as seminars, workshops and e-learning courses, designed to prepare employees for the transformation of the banking sector resulting from digitalisation and develop their skills on an ongoing basis. The different requirements call for learning and information formats that are appropriate to specific target groups. These include needs-based learning sprints for managers or digi sessions for all employees.

Qualification does not end with the coronavirus pandemic, but rather begins: In the trainee area, all in-person seminars required for the Chamber of Industry and Commerce (IHK) examination were converted to online formats. New non-specialist web seminars were developed and offered for professionals – topics such as virtual communication, motivation and leadership were in particularly high demand. In addition, more e-learning courses on specialist topics have been established, enabling employees to access learning content at any time.

The introduction of the development dialogue in September 2020 created an online-supported personnel development process through which the necessary skills and knowledge for current and future requirements are developed in a structured and continuous manner for all employees.

Our performance instruments such as target agreement, performance appraisal and individual development concepts have also been realigned to meet the needs of the digital strategy. We are also addressing 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 further training of its employees on digital topics. Numerous virtual formats were offered for this purpose in 2020.

Combining work and private life

Alongside professional development, work-life balance is an important goal to remain attractive as an employer. Within Commerzbank Aktiengesellschaft this balance is ensured by concepts for different stages of life with specific offerings, such as flexible working time models, sabbaticals and the “Keep in Touch” programme, which facilitates the return to work after parental leave. We also offer advisory and support services relating to childcare, home care and care for the elderly through pme Familienservice. As in the prior year, Gruner&Jahr Verlag honoured this commitment in 2020 by once again naming the Bank best employer for women.

The partial lockdown in the spring of 2020 meant that a large proportion of childcare services could not be used in their previous form. With virtual childcare for colleagues who work on a mobile basis and virtual workshops and exchange formats, we were able to relieve the burden on many parents and offer the children a varied range of activities. There were 840 registrations for the digital Easter holiday offer alone.

With an ageing workforce, taking care of relatives is becoming increasingly important. As a result, there is higher demand for our care-related workshops and advisory services. A good work-life balance is also made available to comdirect employees, who receive support through emergency and holiday childcare and the offer of a parent-child office.

Maintaining health

Health management is another key aspect of Commerzbank Aktiengesellschaft’s HR activities: the Bank seeks to promote the mental and physical health and social well-being of its employees. In 2020, Commerzbank was not alone in facing the major challenge of reconciling employee health protection with operational requirements in the face of a global pandemic. For this purpose, a far-reaching hygiene concept was established and opportunities for mobile working were expanded. The health offerings also use digital formats to convey health knowledge that is otherwise shared in classroom training. A global exercise initiative reached all employees, including those working from home on a mobile basis, and was especially helpful during social distancing. A podcast with the head company doctor provides regular information on medical topics relating to the coronavirus.

We analyse working conditions on a continuous and holistic basis using the legally required risk assessment tools. We also consult employees and managers on a regular basis about various aspects such as work structures or leadership and team topics. Based on this analysis, targeted measures are then developed and their effectiveness tested.

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The demands on the world of work are changing. We want to empower employees and managers to deal with this themselves. To this end, we offer them a wide range of preventive measures such as professional advisory services (e.g. the Employee Assistance Programme) or training, including how to deal with stress, and campaigns to encourage people to stay mobile.

Health has been a strategic topic at Commerzbank Aktiengesellschaft since 2006. In 2013, the Bank became the first company in Germany to have its occupational healthcare management certified by TÜV Süd according to the Corporate Health Standard. Although the principles of HR apply Group-wide, there are some company-specific particular features when it comes to how they are implemented. Commerzbank Aktiengesellschaft and Commerz Real implement most concepts jointly. comdirect works to improve its employees' health through an employee support programme delivered through specialist service providers offering advice on both physical and psychological health issues, and a company doctor service.

Consulting employees

Employee satisfaction during periods of corporate restructuring is an important yardstick for assessing whether key objectives of our strategy resonate with employees. Commerzbank Aktiengesellschaft has introduced a short survey to this end. We plan to conduct regular accompanying employee surveys as part of the new strategy. The results are intended to provide a picture of employee sentiment towards the transformation. comdirect conducted regular monthly employee surveys, and at Commerz Real employees give their managers feedback on their leadership performance, referred to as "feedforward". mBank also obtains an anonymised picture of employee satisfaction every year through its employee engagement survey.

Offering fair remuneration and attractive additional benefits

We want to create a good working environment by offering attractive additional benefits, showing recognition and positioning ourselves as an attractive employer. Commerzbank Aktiengesellschaft has for many years supplemented the statutory pension with a company pension. Employees can also take advantage of other occupational pension products at special conditions. Commerzbank Aktiengesellschaft and Commerz Real also offer their employees the opportunity to lease cars, bicycles or IT equipment for private use through the Bank. Employees in Germany have been receiving a mobility allowance for using public transport to get to work since April 2020.

As a result of the increased significance arising from greater regulation, the remuneration systems and aggregated remuneration data for employees below the level of the Board of Managing Directors are disclosed in a separate report (remuneration report pursuant to Art. 16 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung)). This is published annually on the Commerzbank website.

Information on HR risks such as motivational, resignation and bottleneck risks is reported to the Board of Managing Directors on a regular basis (see the "Other risks" section of the Group Risk Report).

Diversity and equal opportunities

A working environment that is free of prejudice, characterised by mutual respect and acceptance is a basic requirement for a climate where everyone is able to thrive. We do not tolerate discrimination at Commerzbank. Any form of discriminatory treatment on the basis of ethnicity, age, disability, gender, origin, physical ability, nationality, political activity, religion or sexual identity constitutes a violation of human dignity and personal rights. With this in mind, in 2004 Commerzbank Aktiengesellschaft and the Central Works Council concluded a works agreement prohibiting discrimination, bullying and sexual harassment. The agreement defined preventative measures, procedures for dealing with complaints, and sanctions to be applied.

In Poland, mBank is a signatory of the Responsible Business Forum's Diversity Charter. As such, the Bank also undertakes to prevent discrimination in the workplace and implement measures to create and promote diversity.

For almost 30 years, our Diversity Management unit has been working for an open and fair Group-wide environment where everyone feels appreciated. The focus is on the topics of gender equality and inclusion of people with disabilities and the promotion of cultural diversity. For us, diversity is a success factor for the Bank's performance. Worldwide, the Group employs people from around 120 nations. Their diverse origins vitalise and enrich interactions. Differences in viewpoint and experience lead to new ideas.

Promoting women

Teams characterised by diversity often perform better, and they are also indispensable for corporate success in view of internationalisation and demographic change. Although a small majority of the Commerzbank staff is female (53%), 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. They include the expansion of childcare offerings, innovative part-time working

models, including for managers, and a Bank-wide mentoring programme. In a study by the Boston Consulting Group on gender equality in companies, Commerzbank Aktiengesellschaft ranked tenth in the Gender Diversity Index out of almost 100 listed companies. In addition to the proportion of female managers on management boards and supervisory boards, it also takes into account the ratio of the average remuneration of both genders. With a score of 73 out of 100 points in 2020, we have shown that we are successfully implementing measures.

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. The Bank has now set itself a new goal of achieving a proportion of 35% across all management levels by the end of 2021. All divisions of Commerzbank Aktiengesellschaft are explicitly tasked with actively approaching suitable female employees during the recruitment process. The aim is to further increase the proportion of female candidates for management positions when filling new positions. Conversely, male candidates should be approached if a management position attracts only female applicants.

- Key figure: The proportion of women in management positions came to 33.3% Group-wide at the end of 2020 (2019: 32.5%, 2018: 30.8%).

Driving inclusion

The inclusion of people with disabilities is another part of our diversity strategy. In 2018, Commerzbank Aktiengesellschaft became the first bank in Germany to publish an inclusion action plan based on the UN Convention on the Rights of Persons with Disabilities. Following on from this, we continued to work on implementing these measures in 2020. 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. In early 2020, a position was created to coordinate aids for our staff. Here, qualified colleagues ensure that employees with special needs receive the necessary aids. It is standard practice for us to test new digital products for accessibility. This also benefits a large number of customers, whom we asked about their banking preferences in a survey conducted by various social organisations.

Commerzbank Aktiengesellschaft has consistently exceeded the statutory requirement of 5% employees with disabilities in recent years. We expect to meet the quota in 2020 as well. However, the final percentage figure will not be available until March 2021. In the meantime, we are also paying more attention to the next generation: In 2020, several young people with disabilities were offered attractive apprenticeships.

Treating each other with respect

For some 20 years now, Commerzbank Aktiengesellschaft has been committed to an open approach in respect of the sexual orientation and gender identity of its customers, employees and business partners. Live events had to be cancelled in 2020 due to the coronavirus pandemic. Nevertheless, we showed initiative with many activities during “pride season”: The Commerzbank Tower and the Bank’s logo in all digital applications appeared in rainbow colours. At the branches, rainbow stickers in the entrance area signalled the Bank’s commitment to a prejudice-free society. We also conveyed this message in a variety of ways via social media.

Linking like-minded people

Commerzbank Aktiengesellschaft’s seven employee networks make a further important contribution to a lively and diverse corporate culture and thus support our diversity management goals. They regularly participate in internal events and public campaigns, and offer colleagues the opportunity to network and develop their skills across all levels. Some 1,500 employees were involved in the networks in the year under review.

Our responsibility in corporate governance

For us, responsible corporate governance includes the promise to be “the bank by your side”. We want to be a reliable partner for our stakeholders, and our actions are guided by ethical values such as integrity and fairness. As an active part of society we want to help shape the world around us. We achieve this primarily through the positive effects of our financial services on the economy and through the role of the Bank as an employer and taxpayer. We also view the offer of high-quality financial services as an important infrastructural contribution our Bank makes to society. The Commerzbank Group and its foundations also engage in extensive voluntary work for charitable purposes, for example through numerous cooperation and sponsoring projects and the support of staff in various projects.

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Integrity and compliance

Integrity is a fundamental element of our corporate culture and requires every single person to act responsibly so that their activities on behalf of the Bank are in line with the relevant laws, voluntary commitments and internal directives. The globally binding code of conduct guides our employees in correct and ethical behaviour in their everyday work. The code makes clear what Commerzbank expects from the employees in the Group: that they not only comply with laws, regulations and internal guidelines but also stay within our guiding principles.

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

Clarifying the claim

The cross-segment "culture of integrity" network has the task of promoting a culture of integrity through targeted initiatives and measuring its development. At the same time, it is important to treat compliance risks with the same relevance and professionalism as credit and market risks. We report regularly via a Bank-wide communication campaign on practical examples of correct conduct in grey areas, show where potential violations of the law may occur and indicate what the right response should be. The campaign is accompanied by posters in Germany and at the international locations. Commerz Real participates in the initiative and has developed its own management principles, which have been incorporated in the annual objective-setting process for managers. In the future, these are to be supplemented by sustainability criteria, thus improving the shared goal orientation on compliance and sustainability issues.

To promote conduct characterised by a high degree of integrity and reward employees who act as a role model, Commerzbank Aktiengesellschaft has instigated the Culture of Integrity Award. It is given to employees or teams who have distinguished themselves through their integrity and protection of customer and bank interests. The 2020 award winner was a corporate customer advisor at Commerzbank Moscow: When handling a letter of credit for the delivery of a drilling rig from an EU country to Russia, she prevented a sanction violation and saved the Bank from damages. Some 30 nominations were received from various parts of the Bank worldwide, ranging from exemplary

conduct when uncovering money laundering or fraud and the prevention of sanction violations to a number of other integrity and compliance issues.

Fighting corruption

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: Commerzbank's Global Anti-Bribery and Corruption Policy (ABC Policy) actively seeks to combat bribery and other forms of corruption. To this end, we conduct regular training sessions for our employees so that they can implement our guidelines competently and consistently. A central element of this is the annual anti-corruption training for all employees and managers. 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. An anti-corruption team is available to answer all employees' and managers' questions.

Commerzbank has a zero-tolerance approach to corruption and other criminal acts by staff. Any employee who is proven to have breached this principle will face the full consequences under labour, civil and criminal law.

- Key figure: We are not aware of any cases of corruption in the Commerzbank Group in 2020 (2019: none, 2018: none).

Preventing money laundering

The core tasks of Compliance also include meeting regulatory requirements for the prevention of and fight against money laundering and terrorist financing. Alongside local laws, regulatory requirements and industry standards, we also take into account recognised international standards such as the recommendations of the Financial Action Task Force on Money Laundering (FATF) and the Wolfsberg Anti-Money Laundering Principles. Commerzbank uses the know-your-customer principle, which involves obtaining detailed knowledge about and an examination of the customer in order to create transparency in business relationships and individual transactions. Commerzbank also achieves this through the use of appropriate monitoring systems.

Commerzbank Aktiengesellschaft is a member of the Anti Financial Crime Alliance, which was founded by the Central Office for Financial Transaction Investigations together with the Federal Financial Supervisory Authority (BaFin), the Federal Criminal

Police Office and other banks in 2019. This alliance between the public and private sectors aims to establish a lasting strategic cooperation in the fight against money laundering and terrorist financing in Germany.

Observing sanctions

Compliance is also responsible for ensuring that the financial and economic sanctions applicable for the Bank and additional regulatory requirements are observed. In doing so, we enact directives and instructions as well as inform the segments, Group divisions and subsidiaries about sanction-related restrictions to business policies and advise them in their implementation and monitoring. If Commerzbank Aktiengesellschaft has business relationships with countries affected by sanctions, these are monitored and immediate measures are implemented which may range from termination of the business relationship and the restriction of permissible transactions to monitoring and close oversight.

Preventing or reporting fraud

Commerzbank takes extensive precautions to prevent, uncover and respond appropriately to financial crime, with the aim of protecting the assets of our customers and the Bank. In this context, extensive measures were increasingly implemented in 2020 to inform our customers and employees about the most common fraud schemes and to protect them from these. Relevant business partners from whom the Bank purchases products and services are subject to a compliance check for indications of corruption or fraud. This check results in a risk assessment.

The main rule is a zero-tolerance approach to all financial crime. This also means that we are open to tip-offs. Alongside proven communication channels such as contacting the Compliance departments, Commerzbank has set up a whistle-blowing platform called the Business Keeper Monitoring System (BKMS) for this purpose. The online platform allows customers, employees and third parties to report signs of financial crime, violations of regulatory rules and requirements or breaches of internal instructions and other requirements within Commerzbank – anonymously if desired.

Protecting the market and customers

Market and customer protection is no less important. In addition to legal consequences, violations can harm the Bank's reputation and lead to a loss in profitability. We therefore provide information to our customers, explain risks and fulfil recording and retention requirements in order to verifiably document the fact that our actions comply with rules. We have introduced a system for managing conflicts of interest aimed at avoiding potential conflicts of interest or resolving them appropriately.

For instance, Commerzbank Aktiengesellschaft uses a conflict of interest tool in its corporate customer business. Data on relevant transactions in the corporate customer and capital markets businesses is collected worldwide in order to check the transactions for potential conflicts of interest. We counter attempts at market manipulation resolutely and work to respect the integrity of markets and the need of our customers for protection.

Managing compliance risks

As a proactive risk manager, Group Compliance manages compliance risk throughout the Group and thus lays the foundation for compliance with laws and regulations. Its objective is to identify compliance risks before they materialise, and to manage them effectively if and when they do arise. The basis for management is the compliance risk strategy, which provides for a Group-wide risk analysis as the central tool for assessing and minimising potential compliance risks. It is carried out once a year and applies to all business divisions, branches and other affiliated or dependent Group companies in Germany and abroad that are deemed to be relevant for compliance purposes. We regularly review the prevention measures implemented as a result of the risk analysis and supplement them as needed.

In order to satisfy the requirements of increasingly complex national and international legislation and regulations, the Group is continually developing its compliance risk management and bringing this in line with current developments and challenges. Other central prevention systems include controls to assess the appropriateness and effectiveness of relevant processes, employee training, compliance support and advice for business units with regard to process development and transactions, compliance hotlines and committees with compliance involvement, case-by-case approvals by the compliance function, mandatory approval for securities transactions in insider-relevant areas, mandatory time away, reliability checks of potential employees, due diligence reviews of third parties, an integrity clause to be signed by all suppliers and service providers, and the BKMS whistle-blowing system.

Documenting violations

The Bank's consequence management process ensures that sanctions for violations of rules and statutory or regulatory provisions are applied as uniformly as possible throughout the Group. Misconduct by employees requiring at least a written warning is documented centrally. The anonymised evaluation of cases helps identify the types of misconduct that occur and which regulations or regulatory provisions have been violated. This transparency allows mistakes to be used as a learning opportunity and to adjust rules and processes accordingly.

27	Declaration on corporate governance pursuant to Art. 315d in conjunction with Art. 289f of the German Commercial Code (HGB)
35	Remuneration report
62	Details pursuant to Art. 315 of the German Commercial Code (HGB)
68	Non-financial report

Stakeholder dialogue

Corporate responsibility also means seeking a regular exchange with external and internal stakeholders. Commerzbank maintains relationships with numerous organisations and groups which approach the company with requests, demands or suggestions. We prioritise dialogue with stakeholder groups which have a perceptible impact on Commerzbank's economic, environmental or social performance or are heavily affected by it. Alongside the employees, this also includes customers and the capital market, suppliers, the media, non-governmental organisations, political bodies, representatives of civil society and science.

The discourse on important questions relating to social, economic and financial policy is of great importance to us. Commerzbank pursues an active and transparent dialogue with a view to satisfying the expectations and needs of its stakeholders, taking account of them in its corporate strategy and setting out its own perspective. For example, we regularly discuss the potential impact of our business activities on human beings and the environment with non-governmental organisations.

Fostering opinion-forming

We are also engaged in a continuous dialogue with domestic and international regulatory and supervisory authorities and decision-makers in politics in order to improve the clarity and reliability of provisions on products and services – in the interests of both our customers and our long-term planning capability. As the interface between the Bank and political bodies, Commerzbank Aktiengesellschaft's Public Affairs department formulates positions on relevant political and regulatory issues. On-site support is provided through the Bank's liaison offices in Berlin and Brussels and a liaison officer based at the Institute of International Finance (IIF) in Washington. Through its lobbying activities, the Bank plays an integral role in the democratic opinion-forming process and aims to encourage appropriate, sound decisions that are geared towards the common good. The focus here is on explaining banking, economic and financial policy issues with a view to helping politicians and administrators develop and expand their knowledge of the sector as the basis for appropriate decision-making. We are entered in the EU's Transparency Register and report on local activities, acting persons and annual expenditure on political lobbying. In accordance with its donations directive which applies Group-wide, Commerzbank makes no donations to political parties, party institutions or politicians.

We have established several event formats for dialogue with political representatives, most of which could be held only in a digital format in the year under review due to the coronavirus pandemic.

These include the "Political Breakfast" in Berlin, at which guest speakers debate social and economic policy issues with representatives from politics, science and business during the weeks when parliament is in session. "Commerzbank in Dialogue" sees the Chairman of the Board of Managing Directors of Commerzbank debate issues with high-profile personalities from politics or business. Members of parliament and speakers come together at "Mittags:werkstatt" events to share specialist knowledge and discuss current topics. The "Lunch:lab!" in Brussels pursues a similar objective. "SHE VIP" is a networking format created by and for successful women from business, politics, society, media or culture. These activities can be followed on social media at #cobapolitics.

Highlighting customer issues

SME topics are at the heart of Commerzbank's "Unternehmerperspektiven" initiative (Business Owners' Views). Once a year it surveys 2,000 owners and managers at the first management level from companies of different sizes and industries. The focus in 2020 was on sustainability. A study entitled "Wirtschaft im Umbruch: Die Chancen des Green Deal" ("Economy in Turmoil: Opportunities of the Green Deal") examined the sustainability strategies of SMEs between November 2019 and March 2020. Due to the coronavirus crisis, it will not be released until February 2021. A follow-up survey of 700 companies was conducted from July to October 2020 to determine the impact of the pandemic on sustainability strategies. The interactive events will take place after its publication in 2021. We are initially focusing on digital formats in which participants have the opportunity to discuss the study results with experts from business, associations, politics and science. The aim is to develop ideas on how the topic of sustainability can be a successful component of corporate strategy. As soon as crisis-related conditions allow, dialogue events are planned throughout Germany at which entrepreneurs can exchange ideas in person and make new contacts.

The 2020 small-business customers survey focuses on how entrepreneurs handled the coronavirus pandemic and crisis management. The survey covered around 3,500 freelancers, craftspeople and tradespeople throughout Germany with annual turnover of up to €15m. These included both Commerzbank customers and customers of other banks. The results show that almost half of all entrepreneurs in Germany were hit hard by the coronavirus crisis. One in four took advantage of government support in the form of subsidies from a state development bank during the crisis – in most cases this was less than €10,000. However, companies can also take away something positive from the coronavirus crisis: Just under 40% said that their innovative strength increased, and at least one in three is using new technologies.

In another study, small-business customers from Commerzbank's own customer panel were surveyed at the beginning of November 2020. At the time, three-quarters of them were convinced that the worst of the pandemic was not over and things were not yet looking up. To keep their businesses afloat, small-business customers are expanding their online and remote offerings, restructuring their companies, increasing their advertising spending and taking steps to manage liquidity.

Social commitment

In terms of social commitment, Commerzbank engages with its environment in a variety of ways. Numerous projects and initiatives developed together with partners from business and society contribute to resolving current problems. Here, Commerzbank Aktiengesellschaft focuses on education and sports. One example is the environmental internship launched with the German national parks in 1990. Every year, the internship gives up to 75 students practical experience in the areas of environmental education and PR work in German national parks. The environmental internship is organised and financed by Commerzbank, with the national parks providing technical support and assistance for students. More than 1,800 students have taken part in the programme since it began. After completing the programme, the graduates then bring their experience to bear in business, politics, society and environmental protection.

The Green Band initiative for outstanding contributions to promoting talent in sport ("Das Grüne Band für vorbildliche Talentförderung im Verein") has been going even longer – for over 30 years. Together with the German Olympic Sports Confederation, Commerzbank Aktiengesellschaft awards a prize of €5,000 to 50 sports clubs annually that have made extraordinary efforts to promote young talent in competitive sport. To date, more than 2,000 German sports clubs have benefited from the initiative. The German Football Association's DFB Junior Coaches cooperation project is designed to support grass-roots sport. While the DFB trains young people from the age of 15 in schools to become junior football coaches, Commerzbank mentors provide support in preparing the young people for working life by organising job application training and providing work experience for school students in Commerzbank branches. Since the project was launched in 2013, around 3,000 young people are trained as DFB Junior Coaches at around 200 schools nationwide every year.

Commerz Real has been committed for many years to helping disadvantaged children, digital education, the environment, sports and culture. In 2020, its focus was on promoting home schooling as a result of the coronavirus crisis. A partner secondary school in Wiesbaden and "die Arche" ("the Ark"), a foundation that supports disadvantaged children and young people, received notebooks and smartphones for underprivileged children. In addition, Commerz Real in 2020 donated a total of around €136,000 to various institutions. In the year under review, it also continued its cooperation with the Pacemaker initiative, which promotes digital literacy among schoolchildren in Germany.

In 2020, mBank was for the third time the exclusive bank partner and sponsor of the 28th edition of Poland's biggest charity event, the Great Orchestra of Christmas Charity Foundation. For each day between Christmas 2019 and the Grand Finale fundraiser in mid-January 2020 on which there were at least 100 payments made to the foundation by mBank customers, the bank donated additionally about €22,400 (PLN100,000). Because so many of its customers were willing to donate, mBank donated an additional amount of around €449,000 (PLN2m). The bank also donated more than 70 works of art from its own collection, which were auctioned off for around €224,000 (PLN1m). Furthermore, the Bank introduced an offer for new corporate customers, whereby an amount equivalent to the account opening fees can be transferred to the foundation during the first six months.

Promoting employee engagement

Commerzbank also places emphasis on corporate volunteering as part of its social commitment. Staff are encouraged and enabled to perform voluntary charity work, with the Bank granting leave and providing the necessary infrastructure. This personal commitment benefits society and improves the living conditions of disadvantaged people. The projects also have a positive effect on the colleagues participating in them and promote mutual understanding. Our employees are able to get involved in a wide range of projects. Opportunities in Germany include the Commerzbank educational mentorship programme for disadvantaged young people, non-profit sports projects, the business@school initiative and various Christmas campaigns for welfare institutions. Commerzbank Aktiengesellschaft also donated a total of around €212,000 to various institutions and organisations over the past year.

Foundations shape the future

Various foundations supported by the Group also make an important contribution to society. As a corporate foundation, the Commerzbank Foundation stands for the social responsibility of its founder. 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