Corporate Responsibility & Sustainability
Commerzbank’s Corporate Responsibility is anchored in the competence of the Chief Executive Officer.
The bank informs its stakeholders regularly and transparently about sustainability issues in various formats.

Overview of various communication elements regarding sustainability issues:

**Sustainability magazine**
- Semi-annual reporting since 2005
- Transparent, open and future-orientated report including the bank’s sustainability initiatives

**Corporate Responsibility Report**
- Published in Group Annual Report
- Focuses on sustainability, climate change, integrity, civil society
- Non-financial Report

**Sustainability portal**
- Comprehensive portal including all sustainability initiatives and policies
  - [sustainability.commerzbank.com](http://sustainability.commerzbank.com)
  - [climate-neutral.commerzbank.com](http://climate-neutral.commerzbank.com)

**GRI\(^1\) results / Progress report about UN Global Compact**
- Progress report on UN Global Compact implementation and DNK declaration of conformity\(^2\)

**Factsheet & Newsletter**
- Sustainability Factsheet and Newsletter reported quarterly
  - [sustainability@commerzbank.com](mailto:sustainability@commerzbank.com)

**Capital markets disclosure**
- Sustainability ratings as a part of quarterly Investor Relations disclosure
We meet the global challenges as a responsible partner for sustainable economic and social development

**Strategic approach in three different fields of actions**

- We foster responsibility and transparency as elements of our corporate culture and act exclusively in accordance with the law.
- We assume responsibility for our actions, our products and services, and their impact.
- We are a supportive and attractive employer for our employees and future talents.

**Sustainable Corporate Governance**

- We are working to reduce our ecological footprint.
- We engage in a dialogue with our stakeholders and support sustainable development in the financial market.
- We are actively committed to creating a future-ready society.

**Markets and Clients**

- We ensure Commerzbank’s long-term profitability by assessing risks comprehensively.
- We are satisfied with our performance only if our customers and clients are satisfied with us.

**Environment and Society**
Our demonstrated commitment with a new climate target adoption

Since 2015, Commerzbank is working in a climate neutral manner

- 70%

Greenhouse gas emissions from our German banking operations

2007-2018

2020-2025

New target adopted in 2020

-15%

additional

Greenhouse gas emissions including our international locations in more than 20 countries
As a leading German provider of renewable energy project finance it is our objective to become Germany’s most sustainable commercial bank.

Renewable Energies (RE) Project Finance Portfolio 1)
(EaD, €bn eop)

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<tr>
<td>EA</td>
<td>3.5</td>
<td>3.8</td>
<td>4.0</td>
<td>4.1</td>
<td>4.2</td>
<td>4.5</td>
<td>4.6</td>
<td>+31%</td>
</tr>
</tbody>
</table>

Global Footprint of Renewable Energy Financing

- **Offshore:** Commerzbank active globally as MLA 1) and lender with offshore projects in Germany, France, Belgium, UK and Taiwan.
- **International RE project finance:** amongst others UK, France, Spain, US, Italy and Chile.
- **Core market Germany:** approx. 60% of portfolio in Germany; head offices in Hamburg.

Renewable Energy Portfolio

- **€4.6bn**
- **60%** invested in Germany
- **40%** invested globally

1) MLA = Mandated Lead Arranger
Commerzbank’s Green Bond Framework

Commerzbank joined NSBN\(^1\) as first German Green Bond Issuer

In August 2020 we joined Nasdaq’s Network which fosters transparency between Green Bond Frameworks

We are also members of the green bond principles since mid-2014 and are subject to annual reviews by a second party opinion provider
Commerzbank’s Green Bonds at a glance

Green Bond I
Overview of assigned assets

- **Allocation by technology**
  - Wind Onshore: 31%
  - Wind Offshore: 48%
  - Solar: 21%

- **Overview by country**
  - Germany: 50%
  - USA: 6%
  - Canada: 2%
  - Chile: 2%

Green Bond II
Overview of assigned assets

- **Allocation by technology**
  - Wind Onshore: 34%
  - Wind Offshore: 50%
  - Solar: 16%

- **Overview by country**
  - Germany: 41%
  - France: 10%
  - Spain: 11%
  - The Netherlands: 7%

---

1) Based on Allocation Reporting as of 06/2020
2) In total eligible assets of €1,056m
We incorporate environmental and social risks based on sustainable and ethical decision-making criteria into our overall risk strategy.

**Evaluation / Decision at Rep. Risk Management**

→ Explicit integration of sustainability criteria (= ecological, social and ethical) into banks' business
→ in 2019: Verification of ~5,450 individual cases

**Group-wide early warning system**

→ Internal sensitization of employees, i.e. using roadshows, lectures, the quarterly RepRiskRadar, and the direct reporting to CFO

**Examples of sensitive topic areas**

- Deforestation e.g. Palm-Oil
- Nuclear Power
- Ship breaking
- Political Tensions
- Oil & gas
- Coal
- Tobacco
- Radical groups & parties
- Armaments

**Positions and binding policies**

<table>
<thead>
<tr>
<th>Cross-sector positions</th>
<th>Sector-specific positions</th>
<th>Sector-specific policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights</td>
<td>Agriculture and forestry</td>
<td>Armaments</td>
</tr>
<tr>
<td>Indigenous peoples</td>
<td>Mining</td>
<td>Coal</td>
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<tr>
<td></td>
<td>Food staples</td>
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<tr>
<td></td>
<td>Cotton and textiles</td>
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<td></td>
<td>Energy</td>
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</tbody>
</table>

Commerzbank AG | Group Investor Relations | Frankfurt | September 2020
Agriculture and forestry are an important source of income and play a major role in the overall economy, especially in developing countries. However, the positive effects are often offset by negative environmental and social impacts.

In case of proposed business activities connected to agriculture or forestry, Commerzbank investigates:

1. Human rights compliance and measures aimed at combating discrimination against women
2. Compliance with International Labour Organization (ILO) standards on working conditions
3. Protection of High Conservation Value Areas (HCVAs) and UNESCO World Cultural Heritage
4. Illegal or uncontrolled clear-cutting of forests by companies

Mining extracts raw materials such as coal, gold and diamonds. Although these materials are essential in many economic sectors, mining projects often have a negative impact on the environment and local populations.

When making decisions on transactions and business relationships in the mining sector, Commerzbank therefore generally takes into account:

1. The mining methods used by the company (e.g. processing of mining waste)
2. Compliance with ILO and human rights, protection of HCVAs and UNESCO WCH sites
3. No financing of uranium mines and no financing of new coal mines
4. Implementation of environmental restoration measures

Commerzbank has introduced two cross-sector and eight sector-specific positions as well as two binding policies on environmental and social risks.
Comprehensive positions and policies enable responsible and sustainable risk management (2/5)

Ship breaking

- Hundreds of ships are broken up every year, above all in Asia. This is an important source of income for local economies and covers a substantial portion of the regional demand for steel.
- However, ship breaking often involves poor working conditions that frequently lead to workplace accidents and fatalities. Moreover, this activity often pollutes coasts and seas.
- To address these dangers, Commerzbank requires certification of shipyards under EU standards or internationally recognised environmental and social standards (ISO 14001, ISO 30000, OHSAS 18001 or the Hong Kong Convention) when entering into business relationships or supporting transactions related to ship breaking.

Food staples

- The United Nations has set the goal of ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture by 2030.
- In November 2011, Commerzbank made the decision not to issue any new exchange-traded investment products based on food staples.
- Since then, Commerzbank has not issued any new products based on food staples such as wheat, corn, soy, rice or potatoes. In addition, all food staples have been removed from the only exchange traded fund referencing them (WKN ETF090).
- Commerzbank has also implemented this decision throughout its private client business. Commerzbank does not issue products that contain staple foods, nor does it actively market or recommend them. This of course applies to third-party products as well.
The extraction of oil and gas is associated with special risks for the environment, climate, indigenous peoples, workers and local populations.

Commerzbank takes these risks into account in its decisions on transactions and business relationships in the oil and gas sector. Specifically, it takes into account:

1. How the company will conduct the **exploration of oil and gas fields**
2. Compliance with **ILO**, protection of **HCVAs and UNCESO World Cultural Heritage sites**
3. Project financing related to **fracking and to arctic drilling is not possible**
4. Critical approach to the issue of **liquefied natural gas (LNG)**

The textile and cotton industry is frequently associated with child labour and forced labour, violations of labour regulations and workers' rights, and with dangerous working conditions.

Commerzbank therefore tracks these issues closely, in particular with regard to:

1. **Human rights** compliance and measures aimed at combating **discrimination against women**
2. Compliance with **International Labour Organization (ILO) standards on working conditions**
3. **Child labour and forced labour**
4. The use of **environmentally harmful chemicals**
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Comprehensive positions and policies enable responsible and sustainable risk management (4/5)

### Armaments Policy

In 2008, Commerzbank as one of the first German major banks developed a compulsory guideline for the armaments sector, which was signed off by the Board of Managing Directors and implemented company-wide.

The four basic principles of the **Guideline Governing Armaments Transactions** at Commerzbank Group are:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>No financing of the supply of weapons or armaments to <strong>conflict zones or areas of tension</strong></td>
</tr>
<tr>
<td>2</td>
<td>No controversial weapons (e.g. cluster bombs)</td>
</tr>
<tr>
<td>3</td>
<td>Only <strong>governmental end-recipients</strong></td>
</tr>
<tr>
<td>4</td>
<td>All applicable laws and regulations must be met</td>
</tr>
</tbody>
</table>

### Coal Policy

In August 2016, Commerzbank implemented an extensive regulation regarding coal industry financing.

The objectives of the **Guideline Governing Coal-Related Transactions** at Commerzbank are:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No financing of <strong>new coal mines or construction of new coal-fired power plants</strong></td>
</tr>
<tr>
<td>2</td>
<td>No financing of <strong>coal extraction through mountaintop removal mining</strong></td>
</tr>
<tr>
<td>3</td>
<td>Continuous <strong>monitoring of energy suppliers</strong> as clients of Commerzbank</td>
</tr>
<tr>
<td>4</td>
<td>Case by case assessment of <strong>financing coal-related infrastructure projects</strong></td>
</tr>
</tbody>
</table>
The cultivation and consumption of tobacco is discussed controversially due to health risks and the associated consequential costs for society.

Commerzbank therefore takes into account the following aspects with regard to business relationships with tobacco producers and cigarette producers:

1. Compliance with human rights (especially the rights of local communities and indigenous peoples)
2. Compliance with International Labour Organization (ILO) standards on working conditions
3. Child labour and forced labour
4. Environmental damages and illegal deforestation
Environmental and social risk management process at Commerzbank

**Request**
(Product, transaction, business relationship)

**Operational Unit**
Linked to sensitive topic area?
- Yes: Review of cross-sector requirements
- No: Review of sector-specific requirements

**Linked to exclusion criteria?**
- Yes: Product, transaction or business relationship has to be rejected
- No: Business can be pursued

**Reputational Risk Management**
Differentiated assessment

- May lead to a rejection of product, transaction or business relationship
Holistic approach enables our vision to become Germany’s most sustainable commercial bank

Holistic sustainability approach

- Internal climate- / CO2-Strategy
- Compliance & Policies
- Involvement of Stakeholders
- Diversity and women’s quota
- Employer attractiveness, Work-Life-Balance & Health mgmt.

- Sustainable Finance
- Client satisfaction
- Involvement of clients (e.g. Client Advisory Board)
- Partial exclusion of business (e.g. armaments)

- Corporate Volunteering
- Social Engagement
- Sport sponsoring
- Foundation center
- Environmental internships and educational projects
Our strong commitment is underlined in above-average ESG ratings

Commerzbank assigned with low ESG risks by ISS ESG QualityScores
- Environment and Governance QualityScore 1, Social QualityScore 2

Commerzbank’s rating is above-average of the financial sector (C)
- Positioned as “Sector Leader Financials” in DACH region (ranked top 15% of financials in Germany, Austria and Switzerland)

Single A rated in the upper part of the MSCI ESG rating scale
- Above-average positions in terms of private & data security, financial product safety, human capital and financing environmental impact

Commerzbank is at medium risk of experiencing material financial impacts from ESG factors (score of 23.4 / 100 with 0 being the best)
- Very well positioned above industry average on the 15th percentile

Rated in the ISS ESG Prime Segment – top 10% of industry group
- Excellent ratings especially in the categories environmental management, corporate governance and business ethics
Assuming responsibility through our memberships & initiatives

- UNEP Finance Initiative
  - 1992: Founding member

- CDP
  - 2002

- United Nations Global Compact
  - 2006

- Principles for Responsible Banking
  - 2009: Founding Signatory

- Green Bond Principles
  - 2014

- Climate Bonds
  - 2020
We meet the global challenges as a responsible partner powered by the vision of becoming Germany's most sustainable commercial bank

Climate Change
The Earth system is changing faster as a result of human impact on the planet’s biology, chemistry, and physics. New physical and transitional risks arise that need to be measured and managed.

World Population
Global population doubled in the last 50 years and will grow further. The “global middle class” grows fast and leads to new patterns of global demand.

Scarce Resources
Limited resources and growing demand leads to rising pressure on natural resources. R&D in new technologies gains new importance.

Human Rights
Transparent supply chains increase social pressure to manage human rights aspects responsibly. Regulation is being strengthened.

Banking the Energy Transition
With more than 25 years experience in this field, we are one of the largest funders of renewable energy – €5.1bn current portfolio of renewable energy finance.

Climate Financing Policy
No more financing of new coal mines & coal-fired power plants – case-by-case assessment of other projects, e.g. coal-related infrastructure.

Regulation of Arms Trade Finance
As the first German commercial bank, we introduced our own compulsory policy for the armaments sector in 2008.

Reputational Risk Management
Our independent reputational risk management assesses every transaction bearing environmental or social risks – no matter the amount of the transaction.

Internal Climate Strategy
GHG emissions were already cut by 70% (2007-2018).
By 2025, emissions are expected to be reduced by add.15% compared to 2018.

1) Exposure at Default (EaD) based on CoC Energy Portfolio as end of FY 2019
Appendix

Commerzbank’s external commitments
United Nations Global Compact (UNGC)

The UN Global Compact was concluded in 2000 to make globalization more social and environmental - more than 8,000 businesses in more than 160 countries have signed the Global Compact so far.

Commerzbank has signed the Global Compact in 2006:

› Global Compact principles are integrated in the banks environmental and social risk framework and processes
› Commerzbank annually reports its communication on progress, i.a. in our non-financial disclosure
› Active member of the German Global Compact Network and member of the peer learning group on human rights

Voluntary principles that commit signatories to:

› The alignment of business operations and strategy with ten universally accepted principles in the areas of human rights, fair labor conditions, environmental protection, and anti-corruption
› Push sustainability deep into the corporate identity
› Report annually on their efforts
› Engage locally where they have presence

"By signing the Global Compact of the United Nations in 2006, we have made a commitment to act sustainably for the benefit of our clients, shareholders, employees and business partners.

Martin Zielke, CEO"
The Sustainable Development Goals are political objectives of the United Nations aiming sustainable economic, social and environmental development.

The Sustainable Development Goals were adopted at the 2015 UN World Summit on Sustainable Development:

› The Sustainable Development Goals consist of 17 main objectives and 169 sub-goals to promote action on human rights, planet Earth, prosperity, peace and partnership.

Commerzbank …

› … is committed to contribute to reaching the sustainable development goals
› … shows its current contribution to the SDG
› … was guided by the sustainable development goals in developing its own sustainability program.
The climate agreement of Paris is the first international legally binding climate agreement and was concluded in December 2015 of 195 countries at the Paris Climate Summit. The agreement sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C. It is flexible and takes into account the needs and capacities of each country.

Focused on:

› **Mitigation**: reducing emissions
› **Adaptation**: support for adaptation to developing countries
› **Transparency** and global review process

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**Commerzbank …**

› … offers new products for clients regarding mitigation (e.g. C.L.E.A.N.) and adaptation
› … is active member of international, European and national Sustainable Finance Working Groups
› … supports transparency initiatives such as TCFD
› … is partner of German Ministries and was part of the German business delegations at the climate summits in Paris 2015 and Bonn 2017
› … builds capacities internally (e.g. workshops) and externally (e.g. host of discussion panels on Sustainable Finance)
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Financial calendar

2020

05 Nov  
Q3 2020 results

11 Feb
Q4/FY 2020 results
Disclaimer

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