



Modern Slavery and Human Trafficking Statement 2021

Commerzbank AG

Introduction

Welcome to our sixth Modern Slavery and Human Trafficking statement.

This statement is made by Commerzbank AG (the “Bank”) pursuant to Section 54 of the United Kingdom’s Modern Slavery Act 2015 and applies to Commerzbank Aktiengesellschaft, Commerzbank UK Limited and Commerzbank Finance Limited for the financial year ending 31 December 2021.

This statement details the actions the Bank has taken during the 2021 financial year and continues to take to mitigate the risks of slavery and human trafficking being facilitated through the Bank’s business, operations and supply chains.

To tackle Modern Slavery and Human Trafficking (‘MS&HT’) across all levels of our own organisation, and amongst our clients, suppliers and investments, throughout 2021, the Bank’s MS&HT priorities have been to:

1. Establish a strong ‘tone from the top’ commitment to MS&HT by firmly anchoring sustainability and ESG topics into our “Strategy 2024”
2. Assign clear roles and responsibilities in the ownership and management of MS&HT related tasks and sustain the cross-function/departmental collaboration across the Bank
3. Operationalise MS&HT related controls across our existing processes and systems
4. Design and implement a pragmatic and proportionate end-to-end MS&HT framework



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Our Commitment to MS&HT

Corporate responsibility is a guiding principle of Commerzbank: environmental, social and ethical aspects have a crucial role in the way we manage our company.

We believe companies can only be successful in business if their day-to-day activities are accepted by society and they meet their responsibility towards the environment and society. That is why we have firmly anchored sustainability as one of the four cornerstones of our strategy at Commerzbank. With our new net zero commitment among other things, we seek to live up to this responsibility

and to actively contribute to the sustainable transformation of society and the economy. We have long had binding rules in place for handling environmental and social risks. That is why we have a clear stance on controversial topics such as arms, fossil energies and mining. Transparency and fairness towards our customers are one of the key pillars of sustainable business development.

By participating in the UN Global Compact, Commerzbank has committed itself to:

- ✓ supporting and respecting the protection of the internationally proclaimed human rights,
- ✓ ensuring not to be complicit in human rights abuses,
- ✓ safeguarding the freedom of association and the effective recognition of the right to collective bargaining,
- ✓ standing up for the elimination of all forms of forced labour,
- ✓ standing up for the abolition of child labour, and
- ✓ promoting the elimination of discrimination in regard to employment and occupation.

Commerzbank's position on human rights is consistent with and follows internationally accepted human rights and corporate responsibility standards, including:

- the Universal Declaration of Human Rights
- the International Covenant on Civil and Political Rights
- the International Covenant on Economic, Social and Cultural Rights
- the International Labour Standards of the International Labour Organisation
- the OECD's framework 'Due Diligence for Responsible Corporate Lending and Securities Underwriting'
- the OECD's guidelines for Multinational Enterprises
- United Nations Guiding Principles for Business and Human Rights



Our Corporate Values:

Integrity. Reliability.
Responsibility.
Responsibility. Integrity.
Reliability. Integrity.

The cornerstone of Commerzbank's corporate responsibility and values-oriented corporate culture is formed by the principles known as

“ComWerte”: Customer orientation, Performance, Integrity, Team spirit and Courage.

Through these values our aim is to ensure and encourage responsible actions throughout the company and at all levels. This is the basis of the trust placed in us as well as a prerequisite for sustainable economic success. In order to achieve this objective, Commerzbank has drawn up the “Guidelines on Corporate Responsibility”, which transforms the “ComWerte” into instructions for operative business.

The Bank's Code of Conduct, which is globally binding for all its employees, sets out the Bank's values and its expectations of staff and includes a clear commitment to human rights.

Our Business and Clients

Commerzbank is the leading bank for SMEs (the **Mittelstand**) and a partner to some 28,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank offers a comprehensive portfolio of financial services in two business segments – Private & Small-Business Customers and Corporate Clients.

Commerzbank transacts approximately 30 percent of Germany's foreign trade and is present internationally in almost 40 countries in the Corporate Clients' business. The Bank focuses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries.

Following the integration of Comdirect, private and small-business customers benefit from the services of one of the most modern online banks in Germany, along with telephone support and personal advisory services at a local level. The Bank serves approximately 11 million private and small-business customers nationwide and over 28,000 corporates, worldwide.

The Polish subsidiary **mBank** is an innovative digital bank. It serves around 5.6 million private and corporate customers, mainly in Poland but also in the Czech Republic and Slovakia.

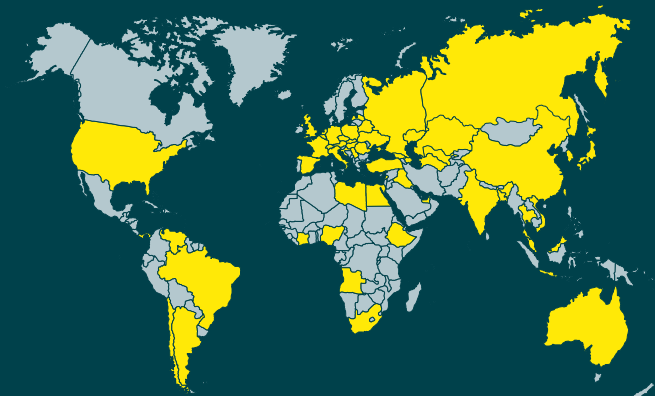
As a financial institution and provider of capital, we have an important role in tackling MS&HT. Commerzbank does not want to become linked through our business relationships to any form of modern slavery. Commerzbank expressly stands up for its corporate responsibility and for the sustainable orientation of its business activities. For this reason, Commerzbank implements a variety of measures in various areas and carefully considers the economic, ecological and social consequences of how we do business with our clients. Our client due diligence and screening controls therefore encapsulate MS&HT considerations and risk assessments.

Outside Germany, the Bank is represented through:

19
OPERATIONAL FOREIGN
BRANCHES

26
REPRESENTATIVE
OFFICES

6
MATERIAL
SUBSIDIARIES



on all continents; in the Corporate Clients' business, the Bank is present internationally in almost 40 countries

Our client MS&HT controls include:



Our pre and post client onboarding **'Know Your Client' due diligence** includes open source research including Factiva and Dow Jones screening. This involves looking for references to potential slavery issues such as poor labour practices.



Local adverse media screening "top ups" covering MS&HT are applied to pre-onboarding and rolling reviews for all London Branch clients. Positive string searches will pick up terms like "slave" and are escalated to Financial Crime Compliance for review.



Risk based enhanced due diligence reviews of high risk customer files cover MS&HT red flags.



Publication of a MS&HT statement is a standard agenda item discussed on **'Compliance2Compliance' due diligence** calls held with high risk clients. Commerzbank is proactive in engaging in MS&HT discussions with our clients.



Using a risk based approach, where material issues, relating to any topic, are identified pre or post onboarding, a client/transaction may be escalated to the **Regional Customer Governance Committee London ('RCGC')** to assess the Bank's appetite for that relationship. MS&HT risks (e.g. slavery related adverse news against a counterparty) are raised and discussed by senior management (including the UK MLRO) during compliance governance meetings.

Products and Services

We combine advantages of a digitalised bank with personal advisory services, consistent customer focus, and sustainability. Our “Strategy 2024” represents customer centricity, digitalisation, sustainability, and profitability.

What do we do?

Private and Small-Business Customers segment

By 2024, we aim to have 450 locations all across Germany where customers are offered advice on issues like account, card, and consumer credit, as well as being supported in the use of digital offerings. Private and small-business customers with a greater requirement for advisory services receive comprehensive personal support and individual solutions on all issues related to investing and financing.

Corporate Clients segment

In the Corporate Clients Segment, we are continuing our success story in the German Mittelstand. With a lean and digitalised product range, we focus on customers with German connectivity. We provide advisory services for international corporate clients if they are operating in selected future-oriented sectors such as mobility, sustainability, communications, life sciences, and capital goods. Our international branch network maintains an important role accompanying the German economy into the world and bringing the world to Germany.

Our Products and Services:



TRANSACTION BANKING

Corporate Account
Cash Management
Trade Finance
Electronic Banking



CORPORATE FINANCING

Working Capital Financing
Sureties & Guarantees
Capital Expenditure & Structured Finance
Capital Markets Financing



INVESTMENT SOLUTIONS

Investment Management
Pensions Management
Equities & Liquidity Management
Risk Management



CORPORATE FINANCE ADVISORY

Advisory Services
M&A Advisory

How do we assess MS&HT Product Risk?

The **New Product Process ('NPP')**

is a Commerzbank Group wide approach which covers the setup and approval for new products and changes to existing products. The objective of the NPP is to identify, analyse and assess the embedded risks of any new activities including the impact on the overall risk profile and on the risk appetite of the Bank. Various departments are required to review and vote on each NPP request via the Bank's NPP tool, this includes Financial Crime Compliance.

For example, where a London nexus exists, the London Compliance Policy and Advisory team are required to assess the financial crime risks (including MS&HT risks) posed by each new product or change in product.

Each Support Unit's (i.e Compliance, Tax, Reputational Risk, Finance etc.) risk rating and overall assessment of NPPs may result in process amendments, changes in the IT environment, reporting requirements and any other risk-based controls/set conditions we see fit to manage any identified risks. Senior management approval and oversight is also part of the end-to-end NPP process.

Our Workforce



Commerzbank AG employs around 45,600 staff globally. Commerzbank respects the human rights and personal freedoms of its workforce and expects the same from our employees and contractors.

Diversity and Inclusion

By signing the Diversity Charter, we have committed ourselves to creating a prejudice-free working environment in which an atmosphere of openness and respect can develop and provide space for innovation and creativity and courage. All employees are recognised, appreciated and included – regardless of gender, nationality, ethnic origin, religion or belief, disability, age, sexual orientation or gender identity. We select our employees based on their talent and skills. We view different educational background and experiences as an enrichment to the Group, because we focus on people and value their different perspective and talents. From a practical implementation perspective, in June 2021, our internal Recruitment Policy was expanded to include a clear diversity definition, with the aim to anchor and actively promote the consideration of equal opportunities and diversity in the Bank’s appointment processes.

Fair Pay

In terms of fair remuneration in London, we work closely with McLagan to ensure our salary benchmarking is fair and in line with market practices.

Employee surveys at Commerzbank

Commerzbank regularly runs various employee surveys throughout the year. Our surveys cover a wide range of topics, from classic workplace-related surveys and internal customer satisfaction surveys to commitment and engagement measurements, regular change and team climate pulse checks, and surveys on general motivation and mood. In addition, we regularly conduct event evaluations and impact reviews as a result of regular health assessments. Our employees’ views and opinions on our strategy and the changes in the Bank are very important to us.

Health and Safety

Improving working conditions and supporting healthier lifestyles are important components of our corporate culture. Our Occupational Health Management team continually seek to improve and maintain the health and safety of our employees by ensuring good working environments which comply with occupational health and safety regulation.

Employee Vetting

As part of the new-hire onboarding process, reference and background checks are completed for all new joiners. The checks vary for different employees, depending on them being a conduct or certified staff. ‘Human Trafficking’ is one of the key words for Adverse Media Searches and there are also sources included that check that within the Global Sanctions Enforcement Check. The checks are carried out to ensure we hire the right employees and also to safeguard the organisation from potential MS&HT risks. In the London Branch, this proactive check is carried out by a third party vendor. Human Resources in London also complete a monthly Compliance Control Governance Check attesting that Know Your Employee checks (which cover MS&HT screening) have been successfully completed for all new hires.

Impact of “Strategy 2024” on our Workforce

We treat our employees as partners – especially in times of great upheaval and economic challenges. The far-reaching restructuring associated with our new strategy led to a number of job losses throughout 2021. To this end, we implemented appropriate steps in each region impacted by the structural changes to adhere with local regulations, for example in the UK, we created a Collective Consultation process, with employee representatives from all areas with the aim of achieving fair and socially acceptable job reductions.



We were the first bank in Germany to establish an action plan for the inclusion of people with disabilities



We are a signatory of the UN Women’s Empowerment Principles



We are a founding member of the Diversity Charter

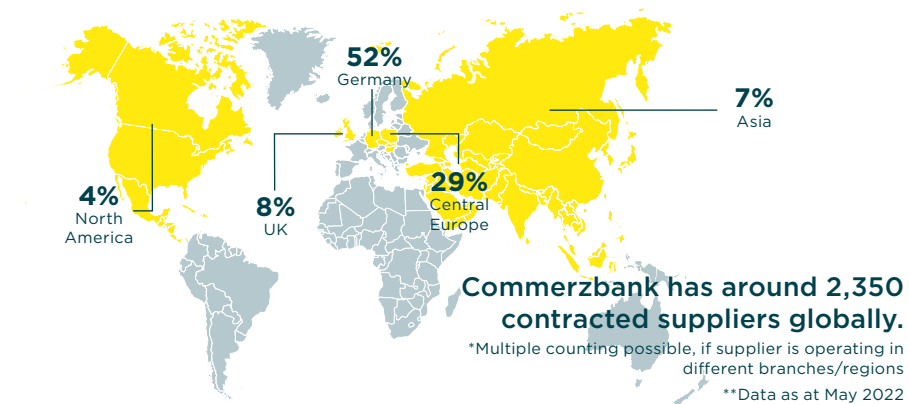


Our Suppliers

Responsible sourcing is integral to the way we do business. All colleagues engaged in sourcing follow the defined procurement process and undertake sourcing in line with the requirements of our Procurement Guidelines.

Commerzbank's main supply base generally fall into one of the following categories: Facilities Management, Technology Infrastructure, Software & Services, Banking Operations, Professional Services, Marketing and Human Resources.

Geographical split of our supplier population:



66 Diversity and inclusion matters in our standard for sustainable procurement.

How do we manage supplier MS&HT risk at Commerzbank?

- 1 All sourcing activity is undertaken in line with the Bank Procurement Guideline which sets out the responsibilities of all stakeholders in the procurement process and which is also embedded in the Bank's **Code of Conduct**.
- 2 Commerzbank has developed clear **standards for sustainable procurement** and is committed to ensuring that its supply chains are free from MS&HT.
- 3 All suppliers are asked to ensure that they and their own suppliers and service providers comply with these procurement standards which include internationally accepted human rights standards. Adherence to such social standards by the Bank's suppliers is an integral part of the Bank's purchasing and procurement guidelines.
- 4 The Bank performs pre-onboarding supplier due diligence. This involves:
 - requiring all suppliers to complete a questionnaire detailing their anti-MS&HT standards, commitments and controls,
 - performing Dow Jones and Google searches for adverse media, including MS&HT related negative news,
 - where necessary, reviewing the supplier's MS&HT relevant policies, procedures and annual statements.
- 5 In terms of ongoing due diligence, the Bank performs daily screening for adverse media, including MS&HT negative news screening. All relevant hits are escalated to the UK MS&HT Lead for review.
- 6 Instances of identified non-compliance by suppliers will be assessed on a case by case basis and can lead to the termination of the business relationship.



In 2021, Commerzbank was once again recognized by the international non-profit organization CDP for its commitment to climate protection in the supply chain.



Our expectations of our suppliers

Commerzbank expects its business partners to observe and comply with the following human rights and personal rights. Compliance with social standards by suppliers and service providers represents an integral component of the standard for sustainable procurement.



Free choice of work

Suppliers and service providers should not force anyone to work and shouldn't permit any form of forced labour.



Ban on child labour

Suppliers and service providers should not employ children younger than the minimum age specified by the International Labour Organisation or by national laws. The maximum specified minimum age applies.



Ban on illegal employment

Suppliers and service providers should not permit illegal employment. Commerzbank expects VAT and income tax, as well as social insurance, to be paid according to the applicable statutory provisions.



Remuneration for work

Suppliers and service providers must pay fair wages and additional payments, which fulfil all applicable laws and which correspond to the applicable local and industry-specific practices.



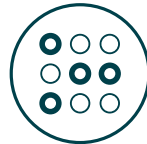
Ban on discrimination

Suppliers and service providers must commit to equal opportunities and the equal treatment of their employees. Nobody should be discriminated against or disadvantaged on grounds of skin color, race, national origin, language, disability, sexual orientation, gender, pregnancy, age, religion, political orientation or other reasons.



Working time

Suppliers and service providers must guarantee that their employees do not exceed the locally applicable, statutorily specified maximum working hours.



Freedom of association

Suppliers and service providers must respect their employees rights to freedom of association and collective bargaining and must ensure employees active in trade unions or employee organisations are not discriminated against or preferred in any form.



Treatment with respect

Commerzbank expects suppliers and service providers to respect the dignity, private sphere and personal rights of their employees and to provide a workplace that does not affect the physical or intellectual integrity of a person. Sexual harassment or abuse, intimidation, mobbing and corporal punishment must not be tolerated.



Health and safety

Suppliers and service providers are responsible for the health and safety of their employees. Commerzbank expects suppliers and service providers to guarantee a safe and healthy working environment and to act to prevent accidents and occupational illnesses through preventive measures.

Policies and Procedures

Commerzbank is committed to combating financial crime and has implemented policies and procedures designed to detect and prevent all forms of financial crime.

A number of our internal Global and Local Group policies and procedures reflect our MS&HT commitments and control. For example:

- Our **Enhanced Due Diligence ('EDD') & Anti-Money Laundering ('AML') Advisory Procedures** includes a risk analysis matrix which covers the MS&HT topic.
- The **Client Lifecycle Management ('CLM') Global Screening Procedures** defines the AME screening categories including Social/Labour red flags.
- Supply risk and human resource risk is covered by our **Global Risk Manual**, which is an overarching document that describes how various risk types across the Bank are addressed in relation to risk strategy, risk control and risk management.
- In the **Standard for Sustainable Procurement Guideline**, we set out the 'Guidelines on Corporate Responsibility', which transforms the "ComWerte" into instructions for operative business and defines our stance on human rights and MS&HT risk in our supply chain. This document sets guidelines on how to make purchasing of goods and services sustainable.
- In order to standardise our approach to writing the Annual Modern Slavery Statement, in 2021, the UK MS&HT Lead created an **Annual Modern Slavery Statement How-to-Guide**, which details what the annual statement should cover as per the legal and regulatory requirements/guidance; the roles and responsibilities for drafting and approving the statement; and how and where it should be published.

Setting Limits

Commerzbank recognises the provision of certain financial products and services may be linked to adverse human rights impacts. MS&HT risks may be particularly heightened in a jurisdiction that experiences political instability, weak governance, corruption, or repression of minority groups or in high-risk MS&HT industries/sectors such as agriculture, the textile industry, mining etc.

Our **Reputational Risk Management** department 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 perform in-depth research into possible environmental and social risks (including MS&HT risks) that may be associated with the existing or potential business partners or the content of the transaction.

We have developed our clear **Financial Crime Risk Appetite Statements** based on regulatory guidance, industry trends and statistical risk data which governs our appetite to engage with high-risk clients, countries, or products/services. We apply a five-point scale assessment which determines the acceptance or rejection of any high-risk/sensitive product, transaction or business relationship.

In 2021, Commerzbank's Reputational Risk Management department assessed around **3,300** transactions, business relationships and products relating to specific environmental, social and ethical issues.



Governance



Commerzbank attaches great importance to responsible and transparent corporate governance aimed at sustainable value creation. The Commerzbank Aktiengesellschaft Board of Managing Directors are responsible for independently managing the Bank in the Bank's best interest.



MS&HT Working Group

On an operational level, a cross-functional MS&HT Working Group, driven by the London Branch, involving relevant stakeholders from local and global departments was created in Q1 2021. The aim of the working group is to define, centralize and manage MS&HT risks, roles, responsibilities and initiatives.

The working group includes representatives from Compliance, Legal, SMR Office, London Risk Function, Reputational Risk, Credit Risk, Global Standards AML, Global Risk Models, Procurement, Communications and Human Resources.



Appointment of a UK Head of MS&HT

From a programme oversight and management perspective, in Q2 2021 a dedicated SME and programme lead was assigned as the 'Primary Responsible Party' for the MS&HT topic for the London Branch in accordance with the Bank's MaRisk framework. The UK MS&HT programme lead, who sits within Financial Crime Compliance is responsible for designing and implementing risk-based MS&HT risk prevention and mitigation controls; including creating effective training, raising awareness via communication, developing policies and procedures, assessing the Bank's risk exposure to MS&HT, driving system enhancements, etc.



The Global Picture

From a Global perspective, the Global Standards AML function launched a MS&HT legislative review in Q1 2021 to establish which global jurisdictions have MS&HT laws and regulations, in order to determine the suitable Global approach to be taken to prevent MS&HT. The Global Financial Crime Unit ("FCU") update regional compliance teams on relevant financial crime trends and typologies (including MS&HT).



Management Oversight

Obligations/changes in legislation or regulatory requirements are tracked and discussed at the branch-wide London Regulatory Forum on a monthly basis. Additionally, all relevant MS&HT activities, risks, horizon scanning, projects etc. are tracked at the monthly Compliance Committee London ('CCL') to ensure all London Branch's senior management have clear oversight of the topic.



Second Line of Defence

From a second line of defence perspective, the London Risk Function assess MS&HT as part of credit and market risk strategies. Their objective is to prevent the UK branch engaging with clients that might be involved in MS&HT. Reputational Risk Management also acts as a second line of defence function by assessing business relationships, products and transactions within sectors that have a high risk of being linked to environmental and social risks. Legal ('GM-L'), another second line of defence function, scan regulatory bulletins including proposed changes to the MSA to ensure the Bank remains up to date with its MS&HT legal and regulatory obligations.



Third Line of Defence

From a third line of defence perspective, the Bank's Internal Audit function commenced an independent review of MS&HT controls in Q1 2021 as part of the AML/Sanctions London Branch Audit. During this review, one low risk audit finding was issued against

Financial Crime Compliance related to MS&HT. The audit finding related to ensuring there was clear governance and oversight controls on the MS&HT topic. The finding was promptly addressed with the appointment of a UK MS&HT Programme Lead and tracking the due date of the Annual Modern Slavery statement in an appropriate governance forum.



MS&HT E-mail Address

In November 2021, in order to better co-ordinate, document and centralise MS&HT related queries and escalations, a new MS&HT dedicated e-mail address was created and socialised with employees across the London Branch.



Reporting MS&HT

Commerzbank encourages everyone to report financial crime activities and breaches of any legal, regulatory or internal requirements connected to Commerzbank.

We have introduced a standardised reporting system, to run alongside our existing communication channels (the Compliance division and Internal Audit division). **The BKMS® Incident Reporting (Business Keeper Monitoring System)** is an internet-based application that enables employees, clients and third parties to report financial crime and breaches of legal, regulatory and internal requirements (whether against or within the Bank). Reports can be submitted anonymously if needed.

Commerzbank recognizes the importance of protecting all whistleblowers and does not tolerate retaliation against those who raise concerns. We have implemented fair and consistent consequence management where the conduct or performance of staff fails to meet expected standards.



66 | *The Bank strongly encourages a speak up culture*

Our reporting controls are set out in:

- 1 The Global Whistleblowing Policy**, which defines the various options for submitting Whistleblowing reports, the protection of whistleblowers and describes the general steps and responsibilities connected to whistleblowing.
- 2 The Internal Suspicious Activity Reporting Guidance**, which also covers process to escalate financial crimes, including MS&HT concerns.
- 3 Local Employee Handbooks.**
- 4 Global Intranet Page.**



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In 2021 we had no reported incidents of human rights breaches, slavery or trafficking incidents reported through our Whistleblowing tool.

Monitoring and Investigation

The Bank has a number of established financial crime controls in place to detect suspicious behaviour and financial crime activity which extends to MS&HT.

Clients and counterparties with an MS&HT nexus, detected internally (e.g. via internal SARs, via the Transaction Monitoring team or externally (e.g. via law enforcement agencies or other banks) are subject to investigation by the London Compliance Investigation team. The team continually review all transactional activities of clients for MS&HT related red flags and proactively investigate any intelligence leads referred by JMLIT (i.e. JMLIT Section 7 Requests) which focus on MS&HT activities. They also provide ad-hoc feedback on cases with suspected MS&HT touchpoints directly into the NCA's MS&HT taskforce.

Where material MS&HT issues are identified and Commerzbank's clients or business partners fail to adequately address the issue, Commerzbank reserves the right to discontinue the relationship.



How do we monitor and investigate MS&HT?

1

Global AML/CTF Red Flag Repository

At Commerzbank, GRM-CO GFCP Global Risk Models (GRMO) has the Global Functional Lead with regard to automated transaction monitoring and customer risk rating methodologies. GRMO maintains a global red flag repository containing publicly available red flags derived from local regulations in the HUB locations (SGP, LON, NY) and Frankfurt (BaFin, FIU), supranational organisations (i.e. FATF) and institution specific insights (i.e. FCU, Monitoring and Investigations) across all types of typologies (i.e. Transaction Monitoring, KYC, Sanctions, etc.). The repository is updated on an annual basis as is the coverage gap analysis and a respective coverage gap analysis is performed to assess the relevance of the red flags and how they are captured within the automated transaction monitoring detection model to identify potential gaps and/or new typologies. The control is incorporated into the written framework as an annex to the Global AML/CTF Monitoring Policy and underlying procedures such as the SAM-R Tuning Procedure and the Coverage Gap Analysis Procedure are applicable on a group level and considered group minimum standard. MS&HT is included in the Global AML/CTF Red Flag Repository and a risk topic considered in the Coverage Gap Analysis.

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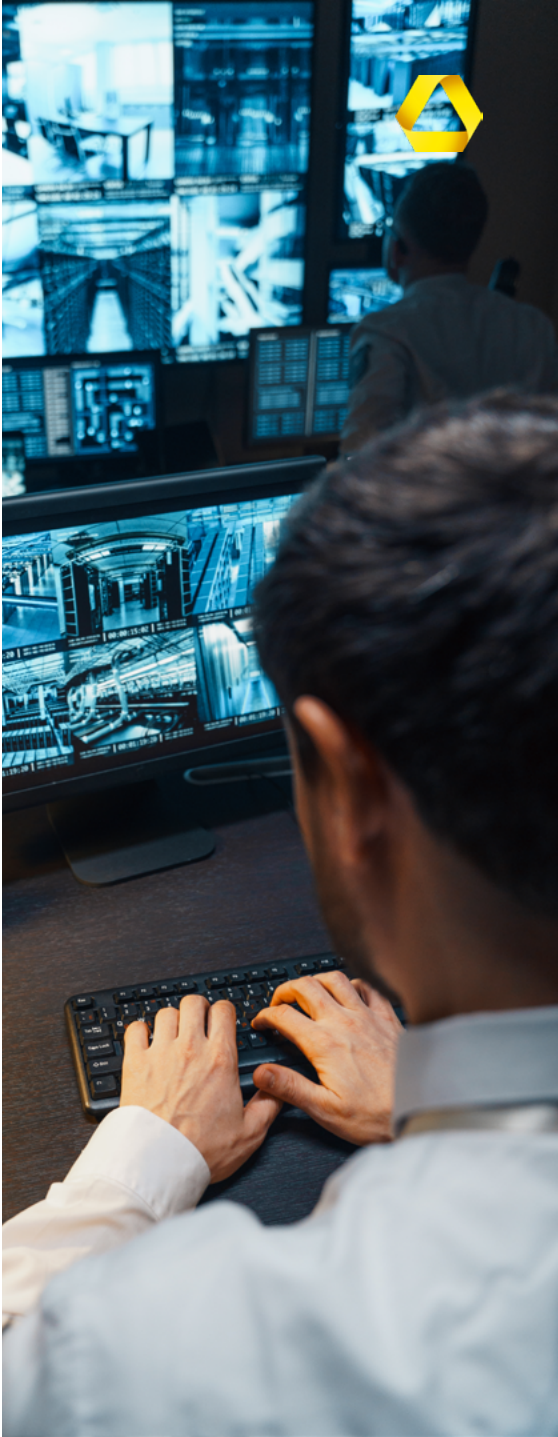
Adverse Media Entities Negative News Screening

All Commerzbank clients and Business Partners are subject to daily negative news screening. In order to meet our obligations under the 6MLD as well as MS&HT requirements, it is deemed necessary to expand the scope of our AME screening categories to include "Social/Labour AME" categories. Compliance are alerted of any discrimination/workforce rights issues and human rights issues.

3

Detection Model Review

Detection model validation takes place annually as part of the Actimize tuning exercise. 'Below the line', 'in line' and 'above line' testing provides the justification for adjusting the thresholds. Coverage Gap Analysis includes the description of products coverage through various detection models in Actimize. The control is incorporated into the written framework within our Global AML/CTF Monitoring Policy and underlying SAM-R Tuning Procedures. MS&HT is covered in this review process.





Training and Awareness Raising

Commerzbank is committed to raising awareness amongst its staff of modern slavery and human trafficking risks. In the UK, the Bank organises events for staff including external expert speakers to provide insights on real life modern slavery case studies and to help staff identify danger signs.

All employees in the UK receive mandatory compliance training which includes MS&HT. The topic is covered in both our “Financial Crime Induction Training”, which is delivered to all new joiners, and the “FCC Thematic Training”, which was delivered in Q2 and Q3 2021 to all UK 1LoD staff. The FCC Thematic Training covered: *“what is Modern Slavery & Human Trafficking, why is MS&HT important, the legal and regulatory focus on MS&HT, how to spot MS&HT, what can we do to detect and prevent MS&HT?”*

All training is closely monitored to ensure it is completed by all employees and conducted in line with our Compliance Training policy and framework.

In May 2021, the UK Head of MS&HT, published a “Culture of integrity – Modern slavery and human trafficking” article, which was socialised with all London Branch employees and published on our internal Intranet page. The article reminded employees of *“what modern slavery is, why do we need to prevent it, what is our commitment and where to report acts of MS&HT.”*

Commerzbank also regularly reports on the development and improvements in the field of human rights in its UN Global Compact progress report, which is published in the Bank’s report on corporate responsibility.

Financial Crime Bulletin

The Global Financial Crime Unit (“FCU”), produce a Financial Crime Bulletin on a monthly basis, which provides an overview of Financial Crime related regulatory/legislative changes, enforcement news, trend alert, risk typologies etc.. The primary goal of the FCU is to promote cross-border evaluation of Financial Crime events by sharing information across the Commerzbank network, identify specific risks affecting Commerzbank and recommend preventive measures. This Global FCU newsletter covers MS&HT risk and is shared globally to all employees.

See below a list of all the alerts related to MS&HT issued by the Global FCU.

Issue Date	MS&HT Related Global Case Studies/Training	Brief Description of Topic
03/2021	Human Trafficking and Sport Events	The news alert outlined risks and red flags that the financial institutions should be aware of in the sporting industry.
04/2021	Adult Entertainment Websites Sexual Exploitation & Financial Crime	The news alert covered how the adult entertainment websites were being used to market human trafficking, as well as sexual exploitation by involving underage children or other vulnerable individuals who might be forced to provide sexual services.
05/2021	Trafficking in Human Beings EU Strategy 2021-2025	The alert analyses the European Commission’s new ‘Strategy on Combatting Trafficking in Human Beings for the period 2021-2025’, which focuses on preventing the crime, bringing traffickers to justice and protecting and empowering victims.
02/2022	Labour Exploitation	This news alert provided scenarios and key indicators from labour exploitation cases where multiple victims were being housed together.
04/2022	Current Financial Crime Risks Ukraine / Russia Human Trafficking – Illicit Cash Smuggling – Sanction Circumvention	The alert details how the military invasion initiated by Russia against Ukraine on 24 February 2022 caused a humanitarian crisis and prompted large numbers of refugees to flee from Ukraine to the EU, and how criminal networks have used this war to gain profits and increase their human trafficking activities.
05/2022	Update – Financial Crime Risks Migrant Smuggling	This new alert covered how money laundering and terrorist financing occurs via migrant smuggling and why it is becoming a growing global phenomena.

99%

Completion of our mandatory eLearning on anti-money laundering, which contains materials on human trafficking.



External Engagement and Collaborations

Corporate responsibility also means seeking a regular exchange with external stakeholders.

Commerzbank maintains relationships with numerous organisations and groups which approach the company with requests, demands or suggestions. In particular we pursue 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.

Commerzbank AG UK is a member of the Joint Money Laundering Intelligence Taskforce (the "JMLIT"), a partnership between UK law enforcement and the financial sector. JMLIT was formed to exchange and analyse information relating to money laundering and economic threats. Through JMLIT's Expert Working Group on Human Trafficking and Organised Immigration Crime, Commerzbank takes part in a cross-sector sharing of knowledge and intelligence, including red flag typologies, relating to modern slavery and human trafficking.



Similarly, Commerzbank AG Germany is a member of the Anti Financial Crime Alliance (the "AFCA"), a public-private partnership for financial crime information sharing launched in 2019 by BaFIN, Germany's Federal Financial Supervisory Authority, together with the Financial Intelligence Unit (the "FIU") and the Federal Criminal Police Office (Bundeskriminalamt), Commerzbank AG and 14 financial institutions. Through strategic exchange of information AFCA aims at strengthening the fight against money laundering and terrorist financing under the FIU's leadership. Commerzbank AG is leading Working Group II, where the disruption of slavery and child sexual abuse is a strategic objective under sub-stream 3.

We are committed to our public and private sector partnerships to enhance our ability to collectively tackle MS&HT.

Selected initiatives, memberships and certifications

Global initiatives	Environment
<ul style="list-style-type: none"> • UN Global Compact (since 2006) • UN Environment Programme – Finance Initiative (UNEP-FI) (founding member 1992) • UN Principles for Responsible Banking (PRB) (since 2019) • UN Principles for Responsible Investment (PRI) (since 2020) • Task Force on Climate Related Financial Disclosure (TCFD) (since 2020) • Net Zero Banking Alliance (since 2021) 	<ul style="list-style-type: none"> • German Environmental Management Association (B.A.U.M.) (since 1985) • Certified Environmental Management System ISO 14001 (since 2009) • Certified Energy Management System ISO 50001 (since 2016) • Verification of Environmental and Energy data by DNV GL • Climate Neutral Now (since 2018) • Biodiversity in Good Company (since 2022)
Sector Initiatives	Social
<ul style="list-style-type: none"> • German Association for Environmental Management and Sustainability in Financial Institutions (VfU) (since 2006) • Green and Sustainable Finance Cluster Germany (since 2017) • Climate Commitment of the German Financial Sector (since 2020) 	<ul style="list-style-type: none"> • Germany's Diversity Charter (since 2008) • Partner for Youth at UPJ (since 2013) • UN Women's Empowerment Principles (since 2018)
Core Business	Corporate Governance
<ul style="list-style-type: none"> • Green Bond Principles (since 2014) • Carbon Pricing Leadership Coalition (since 2015) • Climate Bonds Initiative (since 2020) • Science Based Targets Initiative (SBTi) (since 2020) 	<ul style="list-style-type: none"> • German Corporate Governance Code (since 2002) • German Sustainability Code (since 2013)

Impact of Covid-19

The coronavirus pandemic (COVID-19) created unprecedented challenges for our customers, communities, colleagues and suppliers. We have worked hard to do right by all, and protect the health, livelihoods and access to critical financial services for all of these groups.

We understand that Covid-19 potentially exacerbated MS&HT risk across vulnerable groups of society. As traffickers prey on economic and social vulnerability of people, the Covid-19 pandemic had made it easier for perpetrators to find victims. From a supplier/client perspective, we were cognisant that potential victims of labour exploitation were potentially being displaced from the usual high risk sectors (such as, car washes, small-scale construction, restaurants, etc.,) into those which were still operating

throughout the COVID-19 restrictions (such as food processing/packaging and small agricultural operations.)

Protecting health was Commerzbank's top priority in the coronavirus pandemic. Right at the start of the pandemic a crisis team was set up to respond to developments and decide on new measures and coordinate them. Our primary goal was to protect our employees and customers. This included, among other things, the temporary closure of branches, restrictions of business trips and split business operations. A large part of the workforce was working from home on a mobile basis in order to avoid contact with others. At the same time, we made it possible to continue standing by our customers' side during this stressful period.



COVID-19

Looking Ahead



The German Federal Parliament passed the **Supply Chain Due Diligence Act** ("Lieferkettensorgfaltspflichtengesetz") which will come into force as of 1 January 2023.

From then on, companies with at least 3,000 employees with a head office, administrative seat or statutory seat in Germany OR companies that have a branch in Germany and usually employ at least 3,000 employees, will be required to make reasonable efforts to ensure that there are no violations of human rights in their own business operations and in the supply chain. Under this new German legislation, companies will be required to implement risk management systems; perform an enterprise wide risk assessment of their human rights and environmental rights risk exposure; establish risk-based human rights risk detection and prevention

controls; implement a procurement strategy and purchasing practices which minimise MS&HT risk; publish an annual report on its due diligence efforts for each financial year. In light of the upcoming Supply Chain Due Diligence Act, we are in the process of considering a Global Modern Slavery Programme model in order to synergise UK, Head Office and Global branch's MS&HT priorities and efforts.

Whilst our MS&HT programme approach/model is currently being reviewed, we will continue with our current commitments and efforts, and will continue to invest and engage in MS&HT discussions with our clients and supply chains to ensure Commerzbank not only avoids facilitating acts of MS&HT, but also proactively detects and prevents such crimes against humanity.





Approval

This statement is made pursuant to the UK Modern Slavery Act 2015 and constitutes Commerzbank AG's Modern Slavery and Human Trafficking Statement. It relates primarily to Commerzbank UK's business operations, activity, and clients. Where necessary and appropriate Global/Bank-wide controls have been included in the statement as some UK activity is driven, supported by, or similar to Global/Head Office systems, controls and activity.

This statement was approved by the Bank's Board of Managing Directors on 19th July 2022 and has been signed on behalf of the Bank by Marcus Chromik and Michael Kotzbauer.



Marcus Chromik
Member of Managing Board of Directors
Date: 19th July 2022



Michael Kotzbauer
Member of Managing Board of Directors
Date: 19th July 2022

Disclaimer:

All facts, figures and information in this document pertain to Commerzbank's systems, controls, resources etc., as at 2021, unless otherwise stipulated.

Please note, statements and figures presented in this document may have changed by the time this document is published.



Let us know what you think

For any question or comments on our Modern Slavery & Human Trafficking Statement, please write to us at:

Chief Executive's Office Commerzbank
London Branch
30 Gresham St,
London EC2V 7PG,
United Kingdom



Appendix A:

List of Abbreviations

Abbreviation	Meaning
1LoD	First Line of Defence
2LoD	Second Line of Defence
AFCA	Anti Financial Crime Alliance
AME	Adverse Media about Entities
AML	Anti-Money Laundering
CB	Commerzbank
CCG	Compliance Control Governance
CEO	Chief executive officer
CLM	Client Lifecycle Management
CCL	Compliance Committee London
CTF	Counter Terrorist Financing
DD	Due Diligence
EDD	Enhanced Due Diligence
ESG	Environment, Social and Governance
FATF	Financial Action Task Force
FCC	Financial Crime Compliance
FCU	Financial Crime Unit
FIU	Financial Intelligence Unit

Abbreviation	Meaning
GRM-CO	Compliance
GM-L	Legal
GRMO	Global Risk Models
GSEC	Global Sanctions Enforcement Check
HR	Human Resources
HT	Human Trafficking
IC	International Corporates
JMLIT	Joint Money Laundering Intelligence Taskforce
KYC	Know Your Clients
KYE	Know Your Employee
LON	London
LRF	London Risk Function
MLRO	Money Laundering Reporting Officer
MS	Modern Slavery
MS&HT	Modern Slavery and Human Trafficking
MSA	Modern Slavery Act
NCA	National Crime Agency

Abbreviation	Meaning
NGO	Non-Governmental Organisation
NPP	New Product Process
NY	New York
OCG	Organised Crime Group
OECD	Organisation for Economic Co-operation and Development
ORP	Operationally Responsible Party
PRP	Primary Responsible Party
RCGC	Regional Customer Governance Committee London
RFP	Request For Proposal
SAR	Suspicious Activity Reporting
SGP	Singapore
SIP	Special Interest Persons
SMR	Senior Managers Regime
TAHub	Traffic Analysis Hub
UK	United Kingdom
UN	United Nations
WG	Working Group



COMMERZBANK