



COMMERZBANK

Public document

Policy Statement of Commerzbank AG

on human rights and environmental due diligence

May 13, 2024 – Version 3.0



The bank at your side

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1 Introduction

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

We are aware of our corporate responsibility to respect human and environmental rights and joined the UN Global Compact in 2006. In 2019, we adopted a company-wide human rights policy for the first time. Since 2023, we have also been implementing various due diligence obligations in accordance with the Supply Chain Due Diligence Act (LkSG) to respect human and environmental rights within our own business operations and our supply chain.

This Policy Statement on human rights and business due diligence details the actions outlined in our human rights policy for both our own business operations and supply chain in accordance with the LkSG. In particular, it highlights the identified vulnerable groups and prioritized human rights risks and explains how we fulfil the due diligence obligations under the LkSG within our own business operations and along the supply chain. The Policy Statement was adopted by the Board of the Managing Directors of Commerzbank AG in its present form at the meeting on May 13, 2024, and applies to the Commerzbank AG.

2 Vulnerable Groups

In 2023, the Commerzbank AG conducted its first annual risk assessment in accordance with § 5 para. 1 of the LkSG to identify human rights and environmental risks in its own business operations and with its direct suppliers. In this process, we identified groups of people affected by our business activities who are particularly vulnerable due to structural characteristics.

Based on the annual risk assessment of 2023, we identify the following groups of people as vulnerable:

- Children
- Women
- Elderly people
- Sick people and people with disabilities
- Affected groups/associations in a weak or unregulated environment

- Members of national, ethnic, religious, or linguistic minorities
- People who belong to the LGBTQ+ community (lesbian, gay, bisexual, transgender, intersex, queer, and non-binary)
- Whistleblowers
- People who hold positions in workers councils
- Ship crews
- People dependent on fishing and tourism
- Employees of external service providers.

3 Risk Management

This Policy Statement applies to our own business operations as well as our supply chain. The own business area within the meaning of the LkSG covers every activity of the Commerzbank AG to achieve the corporate goal. This refers to any activity for the manufacture and exploitation of products or the provision of services, regardless of whether it is carried out domestically or abroad. Subsidiaries are also considered part of the Commerzbank AG's own business operations if the Commerzbank AG exerts a decisive influence over them.

The supply chain within the LkSG refers to all products and services of a company. It includes all steps, both domestically and internationally, that are necessary for the manufacture of the products and provision of services. Suppliers are contractual partners for the delivery of goods or the provision of services whose supplies are necessary for the production or the provision and utilization of the relevant banking service. Commerzbank AG principally adopts a broad definition of suppliers, with the criteria of necessity and regularity of supply being crucial for delineating the supply chain for banking operations.

Respect for human rights and the implementation of corporate due diligence obligations in our own business area and supply chain is an important contribution to improving the human rights and environmental situation along the global supply chains of the banking sector.

The Board of Managing Directors of Commerzbank is responsible for this topic as well as protection and enforcement of human rights. In 2022, an Officer for Human Rights was appointed to assume the responsibilities arising from the LkSG. The Chief Compliance Officer (CCO) assumes this important and responsible task. In this function the CCO reports directly to the Chief Risk Officer. The Compliance Organisation supports the Officer for Human Rights in his activities. The Board of Managing Directors is additionally supported by other business

areas to record human rights standards at Commerzbank as holistically as possible.

4 Description of the Risk Analysis, Including Identified LkSG Risks

We consider it part of our due diligence obligations to be aware of potential and adverse LkSG risks and effects of our actions on individuals and the environment along the entire supply chain. For this reason, we conduct annual risk assessments of LkSG risks in our own business area as well as with our direct suppliers. In 2023, the first annual risk assessment was conducted. In addition, it may be necessary to carry out event-related risk analyses if we reckon with a significantly changed or expanded risk situation in the supply chain related to new products, projects, or a new business area, or if there are actual or imminent abuses of protected LkSG positions along the supply chain.

To identify a risk situation, LkSG risks are first assessed within the framework of the so-called abstract risk assessment based on country- and industry-specific risk data. This represents the assessment of the probability of a violation of human rights and environmental risks being materialized.

In the next step, those own business areas, and suppliers for which an increased risk of a human rights or environmental violation has been determined are assessed in more detail. These specific risks are analysed based on risk value and total impact and prioritized according to the additional appropriateness criteria of contribution to causation and possibility to influence.

In the initial risk analysis, risks were identified in our own business area and at direct suppliers, most of which can be assigned to the following risk groups:

- Disregard for occupational health and safety and health hazards
- Disregard for freedom of association, freedom of assembly, and collective bargaining
- Violation of the prohibition of unequal treatment in employment
- Violation of the prohibition of withholding an equitable wage
- Destruction of natural resources by environmental pollution

5 Expectations for employees and suppliers regarding the identified human rights and environmental risks

We have the following expectations of our employees and suppliers regarding the respect of human rights and environment-related due diligence obligations.

5.1 Employees

We respect and promote the human rights of our employees. This is why we set out Commerzbank's understanding of human rights as well as our commitment to comply with them for our employees worldwide in our Code of Conduct and other internal documents. These documents apply without exception to all our employees – from corporate management to trainees.

We consider it an important part of our due diligence obligations to sensitize our employees to respect human and environmental rights and to impart the necessary expertise for the effective implementation of human and environmental due diligence processes. For this reason, we conduct trainings and implement the relevant requirements in our policies and procedures. To ensure the actual implementation and effectiveness of these measures, we establish appropriate controls as needed.

5.2 Suppliers

In the selection of our suppliers, we contribute to respecting human and environmental rights within the scope of our possibilities.

In our Code of Conduct, we set out Commerzbank's understanding of human rights for our suppliers worldwide, and our commitment to comply with them. Our procurement standards clearly regulate the environmental, social, and ethical requirements for suppliers. We thereby expect suppliers to ensure that they comply with specific human rights and environmental requirements and, in turn, to oblige their own suppliers to comply with the corresponding requirements. Abuses of these standards by a supplier can lead to the termination of the business relationship.

6 Preventive and Remedial Measures

To live up to our responsibility to respect human and environmental rights, we rely on the interaction of various appropriate preventive and remedial measures. The aim is to protect those (potentially) affected and to identify, prevent and/or minimise adverse human and environmental impacts on them. Additionally, we implement preventive measures to address already identified risks. Relevant preventive measures in the company's own business area are:

- Publication and implementation of this Policy Statement
- Compliance with our Code of Conduct
- Further training and sensitization of employees
- Implementation of risk-based control measures
- Enforcement of a sanction for abuses
- Implementation of our standard for sustainable procurement

In addition, we implement appropriate preventive measures at direct suppliers. These are:

- Consideration of human rights and environmental requirements in the selection of new suppliers and their contractual assurance
- Contractual clause for suppliers
- Training and further education to enforce the contractual assurances
- Risk-based control measures, including auditing.

For indirect suppliers, we apply similarly appropriate preventive measures when we receive concrete indications of a violation of a human rights or environmental obligation.

If we, as a company, have (co-)caused the violation of human and environmental rights, we shall immediately work towards preventing or ending the causative actions, minimizing their extent, and work towards making amends.

7 Complaints Procedure and Handling of Incoming Complaints

An appropriate and effective complaints mechanism (alternatively whistleblowing) is an important part of our due diligence processes to effectively prevent and remedy potential adverse human rights and environmental impacts in our own business area and supply chain. Therefore, we have aligned our whistleblowing system *Business Keeper Monitoring System (BKMS)* with the requirements of the LkSG. With the whistleblowing platform, we have established a platform for employees, suppliers, and third parties to provide information to the Commerzbank Group online.

It provides a confidential communication channel to report possible violations of human and environmental rights. Access to the whistleblowing system is communicated appropriately. Reports can also be made in anonymous form and are possible both from inside and outside the company.

All reported indications and reasonable suspicions about possible violations of human and environmental rights are processed within the framework of a transparent, balanced, and predictable process for all parties involved. The confidentiality and anonymity of whistleblowers is respected. We guarantee, as far as possible and within our sphere of influence, that they are protected from discrimination and punishment in connection with the complaints they submit. Our systematic handling of complaints and the knowledge gained from them enables us to continuously improve our human and environmental due diligence processes. This approach can be found in our publicly accessible Code of Procedure – Complaints Process.

8 Documentation and Reporting

We document the implementation of our due diligence obligations.

We provide external information as part of our annual reporting. In the non-financial report as part of our Annual Report, we inform the public about our human rights commitments as well as due diligence processes and

their effectiveness. We inform annually on developments and improvements in the field of human rights in our progress report of the UN Global Compact.

Additionally, as required by legal and regulatory obligations, we report on significant human rights and environmental risks and impacts through actions in our business and supply chain and describe the implemented preventive and remedial measures. In accordance with legal requirements, we will also publish the answered questionnaire of the Federal Office for Economic Affairs and Export Control (BAFA) on our website after the end of the respective financial year when required.

9 Efficacy Control

At least once annually, as well as on a case-by-case basis, the effectiveness of all LkSG-relevant due diligence processes is reviewed to identify, prevent, rectify, or mitigate adverse human rights or environmental impacts.

This Policy Statement is continuously reviewed and revised as necessary. The respective valid declaration as well as information on other positions, reports and guidelines of Commerzbank can be found on our website.



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Group Risk Management Compliance

