

GRI report of Commerzbank

Report according to the Global Reporting Initiative Guidelines

For 2016, Commerzbank is reporting on its sustainability



Materiality Disclosures
Commerzbank AG

Jul 2017
Service

performance in accordance with the "core option" of the G4 Guidelines published by the Global Reporting Initiative (GRI), including the specific Sector Disclosures for financial service providers. The disclosures included in the report were selected based on a materiality analysis conducted at the end of 2015. This report also serves as our annual Communication on Progress regarding our implementation of the ten principles of the UN Global Compact (UNGC).

This report was available to the GRI for rendering the GRI Materiality Disclosures Service. GRI confirmed that the G4 Materiality Disclosures (G4-17 to G4-27) were correctly located.

General Standard Disclosures

Strategy and analysis

Nr.	Index	UNGC	SDG
G4-1	Statement from the most senior decision-maker	1-10	
	<p>Dear Readers,</p> <p>The 2-degree target set at the Paris Climate Change Conference is internationally regarded as a milestone in the efforts to protect the planet against global warming. A majority of the members in the international community made a commitment in December 2015 to limit global warming to less than 2 degrees Celsius compared to pre-industrial levels.</p> <p>Everyone is called on to do their part, and Commerzbank is no exception. We are conscious of our responsibility and act accordingly.</p> <p>For us as a company, this means that we will continue to reduce our carbon footprint. Back in 2015, we designed Commerzbank's business operations to be completely climate neutral. Our goal is that by 2020, we will have cut our CO2 emissions by 70 per cent compared to 2007. We have already achieved a reduction of 66 per cent, which bodes well.</p> <p>For us as a business partner, this means that we make sustainability a priority in our core business. We do not finance new coal-fired power plants or new coal mines anywhere in the world. We established this binding policy in a guideline adopted by the full Board of Managing Directors in August 2016. And with a loan portfolio of 5 billion euros in 2016, we are one of the most important financial backers of renewable energy projects in Germany.</p>		

All these efforts are paying off, as we have improved our standing. In 2016, Commerzbank moved up for the first time into the highest quality segment – Prime Status – of oekom research, a leading rating agency on the issue of sustainability. The other first for Commerzbank is our inclusion in the Stoxx Global ESG Leaders sustainability index. As a result, Commerzbank belongs to a leading group of some 300 companies across the globe that stand out for their extensive consideration of environmental, social and governance criteria with respect to corporate governance. The basis of our sustainability efforts are the ten principles of the United Nations Global Compact (UNGC) for human rights, labour rights, environmental protection and fighting corruption. We are expressly committed to these principles. This report has been compiled in accordance with the Global Reporting Initiative (GRI) Guidelines. It represents at the same time our UNGC communication on progress for financial year 2016. We will continue to work on behalf of sustainable development that embraces economic, ecological and social equilibrium, and we will do our part to implement the Paris Agreement.

Yours faithfully,
 Martin Zielke
 Chairman of the Board of Managing Directors, Commerzbank AG

G4-2 Key impacts, risks, and opportunities concerning sustainability

Commerzbank aims to rise to the global challenges in its role as a responsible partner for sustainable development. To do so, we monitor relevant megatrends, analyse current developments and evaluate them in terms of potential opportunities and risks. Our goal at all times is to reduce potentially negative impacts of our financial services. In addition, we develop, market and sell products and financial services capable of promoting sustainable development. Products for funding Germany's energy transition or green bonds are part of our efforts, for example, as are sustainability-driven funds and advisory services for our customers.

As part of cross-divisional workshops, Commerzbank relaunched its sustainability programme in 2016 and set approximately 100 short-, medium- and long-term objectives that the bank will work towards implementing in the years ahead.

Organisational profile

Nr.	Index	UNGC	SDG
G4-3	Name of the organisation		
	Commerzbank AG		
G4-4	Primary brands, products, and services		
	The Bank offers an extensive portfolio of financial services tailored to the needs of its customers as part of two divisions: Private & Small-Business Customers and Corporate Clients. Commerzbank handles around 30 per cent of foreign trade in Germany and is the market leader in the corporate client segment		

in Germany. Due to its extensive sector expertise in German industry, the Bank is also a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks.

G4-5 Location of the organisation's headquarters

Commerzbank AG's headquarters are located in Frankfurt am Main, Germany.

G4-6 Countries with significant operations

Commerzbank has locations in almost 50 countries. Outside Germany, the Bank has 6 Group companies and significant affiliated companies, 23 operational foreign branches and 34 representative offices. It is represented in all major financial centres, such as London, New York, Tokyo, Hong Kong and Singapore. However, the focus of the Bank's international activities is on Europe. Commerzbank handles approximately 30 percent of German and a significant share of European foreign trade.

G4-7 Nature of ownership and legal form

Commerzbank is a public limited company (AG) under German law. On 31 December 2016, approximately 55 per cent of all Commerzbank shares were held by our major shareholders – the Federal Republic of Germany, BlackRock, Capital Group and Deutsche Bank – as well as private shareholders, who are mainly resident in Germany. Approximately 45 per cent of all Commerzbank shares were in the hands of institutional investors. Free float stood at roughly 70 per cent.

[Shareholder structure](#) (PDF, 52 kB)

G4-8 Markets served

Commerzbank is a leading commercial bank with branches and offices in almost 50 countries across all continents. Featuring two divisions, the Bank serves more than 17.5 million private and small-business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers and institutional clients. With around 1,000 branches, we provide our customers in Germany with an extensive network offering tailored advice and services. Commerzbank is directly represented in the world's most important business and financial centres with 373 foreign branches. Please see the section titled Product Responsibility, indicator FS6 for more detailed and qualitative information regarding product use.

G4-9 Scale of the organisation

In financial year 2016, the Commerzbank Group generated gross yields of 9,4 billion euros and an operating profit of almost 1,399 million euros, with headcount averaging around 49,900 employees. Consolidated profit attributable to Commerzbank shareholders for the period under review came to 279 million euros. Total assets as at 31 December 2016 stood at 480.5 billion euros.

[Key performance indicators](#) (PDF, 25 kB)

G4-10	Employees by employment type, gender and region	6	<p>At the end of 2016, 32,042 people were employed at Commerzbank AG Germany. Another 3,040 employees who work for Commerzbank AG abroad join this figure. Unless otherwise indicated, the figures for and information about employees below refer to Commerzbank AG employees Germany. Headcount at Commerzbank AG Germany decreased year on year by 1,309 employees. The majority of employees have permanent employment contracts.</p> <p>Around 28 per cent of our employees currently work part-time. Commerzbank offers employees various part-time models and options, such as limited-period "trial part-time working" and job sharing. This is where one position is divided between two part-time employees. Staff also have the opportunity to make working hours more flexible through telework, annual working hours accounts and sabbaticals. For this reason, we concluded a works agreement that allows time to be "saved" and used for extended career breaks. This is implemented through special part-time working agreements that can be tailored to individual requirements.</p> <p>Employees at Commerzbank AG (PDF, 25 kB) Total workforce at Commerzbank AG by type of employment (PDF, 25 kB) Employment split (full time/part time) at Commerzbank AG by gender (PDF, 25 kB) Workforce at Commerzbank AG by type of contract and gender (PDF, 21 kB) Total workforce at Commerzbank AG by gender (PDF, 21 kB) Employees at Commerzbank AG by place of work and gender (PDF, 21 kB)</p>	
G4-11	Percentage of employees covered by collective bargaining agreements	3	<u>8</u>	<p>At Commerzbank, the committees representing the interests of our employees are the central works council, the central youth and trainee representative council (GJAV), the central representative council of severely disabled persons (GSBV), over 20 local works councils, youth and trainee representative councils (JAV), representative councils of severely disabled persons (SBV) and the company spokesperson committee on behalf of the executives. The interest groups cover all Commerzbank employees with the exception of the Board of Managing Directors, which is not represented. The salaries of employees covered by collective bargaining agreements are governed by the national collective bargaining agreement for the private banking sector. The salaries of the lowest-paid group of employees are also well above the statutory minimum wage.</p>
G4-12	Description of the supply chain			<p>The core product categories for the procurement of suppliers and service providers at Commerzbank are the infrastructure for data</p>

processing (including network technology, computing centres and telecommunications), market data, services (including advisory services, external HR services and mobility services) and buildings, logistics and insurance (including construction works, operational management of buildings and banking technology).

The corporate responsibility of Commerzbank does not stop at our internal processes and activities, but rather extends across the value chain. Sustainability criteria therefore play a key role in deciding on external suppliers and service providers. With its sustainable procurement standard, Commerzbank provides binding guidelines for all parties involved in the purchase goods and services. The objective is to systematically foster sustainable development in the procurement process. Commerzbank requires that all suppliers and service providers adhere to the applicable laws and generally accepted standards. Commerzbank suppliers and service providers must sign the integrity clause of Commerzbank, ensuring that they conduct their business activities with integrity, which includes the observance of human and personal rights, as well as compliance with social and environmental standards. All Commerzbank suppliers and service providers agree to observe the specified requirements and to impose compliance with the corresponding requirements on their own suppliers and service providers. Our online supplier portal underscores the importance of sustainability in the procurement process. Material sustainability aspects are part of the annual meetings with our main suppliers.

G4-13 Significant changes during the reporting period

Important staffing and business policy events are presented on pages 52 to 54 of the Annual Report 2016. In the year under review, these events included Martin Zielke taking over as Chairman of the Board of Managing Directors in May 2016. Other changes to the Board of Managing Directors were the appointment of Michael Mandel and Dr Bettina Orlopp – the latter subject to approval from the Supervisory Board – and the release of Markus Beumer from his Board of Managing Directors contract. In addition, Hypothekenbank Frankfurt AG (formerly EuroHypo AG) was wound up and the business in the United States was restructured. Commerzbank also decided to abandon its collateralised equity business, which can result in tax benefits. This move reinforces the Bank's claim that all deals not only have to contribute to the development of the real economy, but also be socially accepted. In 2016, efforts were also made to streamline the network of correspondent banks, not least due to our compliance standards. More than 50 billion euros were invested in the compliance structure in the year under review. In addition, the Bank recruited compliance experts with external experience for headquarters and locations abroad to further strengthen the compliance set-up. Commerzbank also completed the sale of its international wealth management activities in Luxembourg in July 2016.

G4-14 Implementation of the precautionary principle

We have defined areas of action for sustainability management at Commerzbank, describing the primary challenges and establishing a framework for how we respond to them. These areas are

Sustainable Corporate Governance, Markets & Customers and Environment & Society. We want to take every opportunity to avoid risks to our business and seize the potential to steer the business in a future-oriented direction.

The tasks of Reputational Risk Management include checking funding, products and customer relationships, where sustainability aspects are particularly important. We focus on socially, ethically and ecologically sensitive topics, such as armaments, energy production and the exploitation of raw materials. Reputational Risk Management determines conditions and limits of Commerzbank's business activity by formulating requirements and rejecting transactions, products or customer relationships that do not meet specified conditions. The department reviewed more than 6,200 individual cases in 2016 (2015: 5,400).

Once a year, Commerzbank also systematically performs a Group-wide risk analysis in all business units, which serves as the foundation for the Bank's compliance programme. Our compliance efforts focus on defending against money laundering, funding terrorism, insider trading, fraud, corruption and other criminal activity within the scope of our business operations. For example, we have implemented measures for preventing transfer fraud, which enable us to detect attempted fraud at an early stage and minimise losses. We took preventive steps against a scheme that began to appear more frequently last year in which our corporate clients are fraudulently prompted to make payments (CEO fraud). These measures include extensive training opportunities for our customers in Germany and at selected European locations.

G4-15 External initiatives that the organisation endorses as well as
and **significant memberships in industry and business**
G4-16 **associations**

Commerzbank takes its responsibilities as a financial service provider very seriously, as evidenced by its membership in respected associations:

- German Association of Environmental Management (BAUM) (member since 1987)
- German Association for Environmental Management and Sustainability in Financial Institutions (VfU) (member since 2006)
- Environment and Sustainability Network (NeUN) – previously the Rhine-Main Green Office and Building Network (NGB) (member since 2006)
- Rhine-Main Environmental Forum (member since 2009)
- German Sustainable Building Council (DGNB) (member since 2010)
- UPJ – German network of socially aware businesses and non-profit organisations (member since 2013)
- Sustainability working group of the Association of German Banks (founding member, since 2013)
- Roundtable on Sustainable Palm Oil (member since 2014)
- Green Bond Principles (member since 2014)
- Coalition for Transparent Business (Commerzbank Prague, member since 2014)

We are also members and/or signatories of the following initiatives:

- CDP – previously the Carbon Disclosure Project (since 2002)

- [UN Global Compact](#) (since 2006)
- Germany's Diversity Charter (signed 2008)
- DAX 30 declaration regarding women in management positions (signed 2011)
- The German Sustainability Code (statements of compliance since 2013)
- [World Bank's Carbon Pricing Leadership Coalition](#) (since 2015)
- [Commit to action, an initiatives platform leading up to the world climate summit in Paris](#) (2015)

In addition, we are actively involved in various working groups focused on further developing sustainability standards:

- VfU's Finance Forum on Climate Change (previously in the Federal Ministry of Education and Research) (since 2007)
- Sustainability working group of the Association of German Banks (since 2013)
- Sustainable Trade working group of the International Chamber of Commerce (since 2016)
- Green Finance working group at the Institute of International Finance (since 2016)

We also publish additional information on selected initiatives and memberships in the [Sustainability Fact Sheet](#), updated quarterly.

Identified Material Aspects and Boundaries

Nr.	Index	UNGC	SDG
G4-17	Entities included in the consolidated financial statements		
	<p>This GRI report refers to Commerzbank AG (Germany and abroad). Exceptions are marked as such. The financial performance indicators are compiled at Group level and taken from Commerzbank's Annual Report 2016. For a list of all entities included in the scope of consolidation, please see pages 270-275, 288-291 in that report.</p>		
G4-18	Process for defining the report content		
	<p>In reporting year 2015, Commerzbank identified those issues that are material to the company both today and in future as part of a multistep materiality analysis. Thirteen sustainability issues were evaluated from an external and internal perspective in terms of their relevance and contribution to the Bank's long-term business success and sustainable development. We proceeded as follows:</p> <p>To identify the sustainability issues, we drew on studies, standards and ratings of importance to the company and the sector, analysed them and came up with 13 sustainability issues on this basis.</p> <p>The 13 sustainability issues as well as the method we used to conduct the materiality analysis were subsequently coordinated at an in-house workshop and approved.</p> <p>We determined the external relevance of the issues through an internet-based media analysis for the period from November 2014 to October 2015. To confirm the findings of this analysis, we also surveyed external stakeholders as part of an online evaluation on the future relevance of these 13 sustainability issues.</p>		

The internal prioritisation process was completed at a workshop with managers from the various divisions. They evaluated the potential impact of sustainability activities on the following business-critical aspects: strengthening the image and brand, strengthening employee motivation, reducing costs and risks, customer acquisition and loyalty.

The materiality matrix created from the results of this workshop was then discussed with the managers present and subsequently adopted as the valid representation of the material sustainability issues of Commerzbank.

Based on the findings of the materiality analysis, we decided on which of the less relevant issues to exclude from the report.

In the final step, we assigned the respective GRI aspects to the relevant issues and assessed whether the largest potential for making an impact was internal or external.

[Materiality matrix of Commerzbank AG](#) (PDF, 34 kB)

G4-19 Material Aspects identified

All material aspects are presented in tabular form in the following PDF:

[Material aspects and aspect boundaries](#) (PDF, 24 kB)

G4-20 Aspect Boundaries within the organization

All material aspects and the classification of their importance within the company are presented in tabular form in the following PDF:

[Material aspects and aspect boundaries](#) (PDF, 24 kB)

G4-21 Aspect Boundaries outside the organisation

All material aspects and the classification of their importance outside the company are presented in tabular form in the following PDF:

[Material aspects and aspect boundaries](#) (PDF, 24 kB)

G4-22 Restatements of information provided in previous reports

As was the case for reporting year 2015, this report adheres to the provisions set forth in the GRI-G4 guidelines. Whenever possible, the information has not been presented using a new set-up, in order to facilitate a comparison with the previous year. We indicate restatements of figures we reported in the past in footnotes.

G4-23 Significant changes in the Scope and Aspect Boundaries

The scope of the report largely corresponds to the previous year's report. No changes have been made to the reported aspects. Changes in content are the result of developments from the reporting period, which we explain.

Stakeholder Engagement

Nr.	Index	UNGC	SDG
G4-24	<p>Stakeholder groups engaged</p> <p>For Commerzbank, assuming corporate social responsibility involves seeking regular dialogue with internal and external stakeholders. In this dialogue, Commerzbank endeavours to meet the expectations and needs of its stakeholders, to incorporate them in its corporate strategy and to present its own points of view. We maintain a close dialogue with the following stakeholder groups:</p> <ul style="list-style-type: none"> • Shareholders/investors • Academic and research institutions • Society • Customers • Suppliers • Media • Employees • Competitors/financial sector • Non-governmental organisations • Politicians 		
G4-25	<p>Identification and selection of stakeholders</p> <p>Commerzbank maintains relationships with all organisations and groups that come to the Bank with requests, wishes or suggestions. Our main focus is on activities aimed at entering into dialogue with stakeholders that have a strong influence on the economic, environmental or social performance of Commerzbank, as well as those stakeholder groups that are strongly affected by the economic, environmental or social performance of Commerzbank.</p>		
G4-26	<p>Approach to stakeholder engagement and frequency</p> <p>In its <u>Corporate Responsibility Guidelines</u>, Commerzbank commits itself to open and constructive <u>dialogue with its stakeholder groups</u>. This exchange is of great importance, especially considering the loss of public trust in the wake of the financial crisis. We believe it is our job to actively shape this dialogue with stakeholders and leverage the outcome in the interest of our corporate responsibility. To this end, we discuss the potential impact of our business activities on people and the environment, for example, with non-governmental organisations (NGOs) on a regular basis.</p> <p>Another example is the <u>customer advisory council</u>. Headed by the member of the Board of Managing Directors responsible for Private Customers, the customer advisory council comprises 25 voluntary members who represent our customers in the Private Customers segment. All new members were appointed to the council most recently in 2015. Members serve a three-year term. The customer advisory council has the freedom to influence and help shape those aspects that affect the Bank's customers, such as how the Bank advises its customers, in addition to products and services. It fields a wide range of questions and discusses various issues in a direct dialogue with bank experts.</p>		

In terms of our employees' involvement in the company's operations, we not only rely on staff surveys, such as the Commerzbank Monitor, but also on our WikIdee [ideas management platform](#), which has received multiple awards. All employees are able to submit suggestions and join in discussions through this online platform. A total of 2,340 ideas were submitted in the year under review.

For the purposes of political dialogue, Commerzbank maintains liaison offices in Berlin and Brussels. Commerzbank has been listed in the EU's [transparency register](#) since 2010 and reports on activities, active persons and annual contributions as part of its political opinion-forming efforts.

In the "Commerzbank in Dialogue" event series, we engage in discussion with various interest groups on urgent social, business and financial policy topics. In the reporting period, the series addressed "Data protection and data security: hitting the brakes or the gas pedal for digital business models", for example. We also promote dialogue through the regularly occurring Political Breakfast initiative. During a week when parliament is in session, guest speakers report on and discuss social and economic issues in front of representatives from politics, academia and business. In 2016, the agenda included topics such as banks in the midst of digital transformation, the G20 process, the energy transition, digitalisation and consumer policy developments. We have also been organising what is known as "mittags:werkstatt" since 2014. This series of talks addressed "EU capital market union: united in diversity", among other topics, in the reporting period. The She VIP Lunch series is another communication platform where successful women from the fields of business, politics, society, media and diplomacy address matters of sociopolitical interest. In 2016, guests included then Parliamentary State Secretary Brigitte Zypries and Steffi Jones, head coach of the German national women's football team.

In the interest of our customers, and to facilitate long-term planning, we also regularly hold discussions with national and international regulators, supervisory authorities and decision makers in the political arena so we can work towards clarity and consistency in the regulation of products and services.

Details about shareholder communications can be found on page 25 of the [Annual Report 2016](#). Information on the inclusion of stakeholders in the materiality analysis is available under indicator G4-18.

G4-27 Key topics and concerns raised through stakeholder engagement and response

The customer advisory council supports Commerzbank in its efforts to continue making progress with digitalisation and developing the branch network. For example, during its current term, the customer advisory council has been involved in the development of the digital account opening option and the new city branch. In 2016, council members participated in workshops where they developed specific ways to create the ideal advisory service for business customers. They also addressed the digital

instalment credit and dealt with digital approaches to advice on securities, among other things. Furthermore, council members tested and rated the new banking app as pilot users of a preliminary version.

The exchange of ideas and information with non-governmental organisations (NGOs) is important to us for discussing the potential impact of our business activities on people and the environment. In addition, Commerzbank evaluates related studies on a regular basis. The findings are included in our decisions on business policy. In 2016, coal was a particularly significant matter in the wake of the UN Climate Change Conference in Paris. Commerzbank prepared a new guideline governing coal-related transactions in the reporting period and discussed it with NGOs.

One aim of politicians is to promote digital business in Germany and the EU to ensure growth and competitiveness. In 2016, politicians once again turned specifically to banks to help them achieve this. In addition to adapting the Bank's own products, Commerzbank further expanded its commitment to promoting innovation and established its own service and design agency known as Neugelb in 2016. The objective is to join forces to identify trends in technology, as well as to design IT applications to be more user-friendly and make them useful for the Bank. The first joint project aimed to come up with an original concept and design for the new banking app that enables customers to perform the three most important mobile transactions in less than ten seconds. Neugelb played a key role in the design and further development of the new multichannel platform named One. Through this standard user interface, customers and advisors have access to the same information and services – no matter whether they are on the online platform, at a bank branch or at the customer service centre.

In addition, main incubator remains a key element of the digitalisation strategy. Through main incubator, Commerzbank supports fintech start-ups that bring added value to the Bank and its customers by providing capital with leverage, specifically customer access, growth capital, expertise, its network, as well as office space and IT infrastructure upon request. During the reporting period, main incubator invested in three additional start-ups in this manner and supported one that already exists by providing growth finance. In addition, main incubator took an active role as a company builder for the first time and developed Main Funders – the first peer-to-peer lending platform of a major bank – on behalf of Commerzbank. Together with Commerzbank, main incubator also strengthens the fintech centre Frankfurt as a platinum sponsor of TechQuartier, which is the fintech hub of the German state of Hesse and the city of Frankfurt. Through its monthly "Between the Towers" fintech event series, main incubator helps to solidify the fintech ecosystem in Frankfurt am Main and through four events held across Germany.

The settlements that Commerzbank reached with various authorities in the United States in March 2015 regarding violations of US sanctions and anti-money-laundering laws required Commerzbank to put in place a comprehensive programme (ARC – Achieving a Robust Compliance Framework) to ensure employees keep within the law and regulations. As part of the systematic continuation of initiatives launched through ARC, the

target operating model was developed for the Bank as a whole in 2016 as a compliance requirement. This model also includes compliance coordination units, which were established in the customer segments during the reporting period. They ensure that all compliance requirements in the segments are observed.

A total of ten Supervisory Board meetings took place in 2016, one of which was held as a conference call. In addition, the employee representatives and the shareholders met respectively for an all-day strategy meeting. All of the regular meetings focused on the Bank's current business situation. The Bank's economic and financial development, risk position, strategy, planning, compliance issues, risk management system and the situation of individual business areas were all addressed in greater detail. Members of the Supervisory Board were also informed of the progress regarding efforts to cooperate with the US monitor. Moreover, the Supervisory Board scrutinised cum/ex and cum/cum trades, dealt with personnel changes on the Board of Managing Directors and addressed Commerzbank's new strategy. Details about particular meetings can be found on pages 6-10 of the [Annual Report 2016](#).

Report Profile

Nr.	Index	UNGC	SDG
G4-28	Reporting period		
	All figures in this GRI report relate to the period from 1 January 2016 to 31 December 2016. Information outside this reporting period is marked with the respective date. The editorial deadline was 30 June 2017.		
G4-29	Date of most recent previous report		
	The last GRI report appeared in September 2016 with information relating to the reporting period 2015. The Corporate Responsibility Magazine , which examines key issues from the Bank's sustainability management activities, is additionally published every two years. It last appeared in October 2015 and now once again together with this GRI report.		
G4-30	Reporting cycle		
	Until 2015, Commerzbank published a detailed corporate responsibility report every two years as well as a status report (UN Global Compact Communication on Progress) in the years in between. An annually updated version of the present GRI report has appeared since 2015. Commerzbank continues to publish its Corporate Responsibility Magazine every two years. It examines key issues from the Bank's sustainability management activities. All previous reports are available on the Bank's sustainability website .		
G4-31	Contact point for questions regarding the report		

Commerzbank AG
 Thekla Wießner
 Group Communications
 Corporate Responsibility
sustainability@commerzbank.com
 Tel.: +49 69 136-44552
 Fax: +49 69 136-56928

G4-32 „In accordance“ option with GRI and Content Index chosen

The present GRI report also constitutes the GRI Content Index. This report was compiled in accordance with the G4 Guidelines published by the Global Reporting Initiative (GRI), including the specific Sector Disclosures for financial service providers. The “in accordance” criteria of the Core option were chosen.

G4-33 External verification of the report

The consumption data, the data collection mode and the calculation of CO2 emissions for Commerzbank AG Germany have been externally verified by the company DNV GL Business Assurance Zertifizierung und Umweltgutachter GmbH since 2009 as part of our environmental management system in accordance with ISO 14001 and since 2016 as part of our energy management system in accordance with ISO 50001. For 2016, the unverified data of Commerzbank AG abroad has also been presented in this GRI report for the first time. An external verification of the full GRI report has not been performed.

Governance

Nr.	Index	<u>UNGC</u>	<u>SDG</u>
G4-34	Governance structure, incl. committees of the highest governance body		
	<p>The Board of Managing Directors of Commerzbank is responsible for independently managing the Bank in the Bank’s best interest. In doing so, it must take into account the interests of shareholders, customers, employees and other stakeholders, with the objective of sustainable value creation. It develops the company’s strategy, discusses it with the Supervisory Board and ensures its implementation. The Supervisory Board advises and supervises the Board of Managing Directors in its management of the Bank. It appoints and dismisses members of the Board of Managing Directors and, together with the Board of Managing Directors, ensures that there is long-term succession planning.</p>		
	<p>To ensure that it can perform its duties efficiently, the Supervisory Board has formed seven committees from its members. The current composition of the committees is described on page 14 of the Annual Report 2016. Additional information can be found in the Annual Report 2016 in the report of the Supervisory Board on pages 6 to 11 and in the corporate governance report on pages 21 to 25.</p>		
	<p>At Commerzbank, Group Communications is responsible for managing the topic of corporate responsibility:</p>		

- The Corporate Responsibility department is responsible for the strategic focus and coordination of the Bank's economic, environmental and social sustainability performance. The department is also in charge of the corporate social commitments of Commerzbank. It maintains a dialogue with stakeholders and is responsible for internal and external communications on corporate responsibility.
- The Reputational Risk Management department analyses transactions and products, above all to check whether they are compatible with our sustainability principles. It also works closely with the Bank's traditional risk management functions and liaises with non-governmental organisations on relevant issues.
- The Foundation Centre coordinates the activities of the various Commerzbank foundations: the Commerzbank Foundation, the Jürgen Ponto Foundation, the Dresden Cultural Foundation of Dresdner Bank and the six charitable foundations.

[Organisational structure of CR \(PDF, 50 kB\)](#)

G4-41 Process for avoiding conflicts of interest

16

Conflicts of interests may arise whenever business interests are at stake. We make every effort to avoid such conflicts and have taken corresponding precautionary measures. Our processes have been designed with the best possible preservation of our customers' interests in mind. Chinese walls as well as the technical and physical separation of functions ensure confidentiality. When conflicts do arise, we solve them by analysing the situation and finding the best possible balance between conflicting interests to the benefit of all involved. Should this not be possible, we ensure the necessary transparency while taking the utmost care to comply honestly and openly with market standards and internal policies. This may mean passing up a business opportunity if doubts arise.

Members of Commerzbank's Supervisory Board are required pursuant to Art. 3 para. 6 of the Rules of Procedure of the Supervisory Board to disclose potential conflicts of interest to the Chairman of the Supervisory Board or their deputy, who will in turn consult with the Presiding Committee and disclose the conflict of interest to the Supervisory Board. Supervisory Board members declared a potential conflict of interest during the reporting period for a total of three proposed resolutions. As outlined in the Rules of Procedure, those Supervisory Board members in question did not take part in the proposed resolution, nor did they participate in the discussion preceding the resolution.

G4-51 Remuneration policies for the highest governance body and senior executives

Commerzbank is committed to ensuring an ethical foundation for management remuneration policies. The evaluation of management and their remuneration packages also reflect the ethical dimension of managers' actions in addition to business parameters. The fundamental principle is to design transparent remuneration systems and to avoid false incentives. In this regard, every member of senior management at Commerzbank is obliged to act responsibly, ethically and in accordance with the applicable statutory and regulatory requirements within their remit.

The equity capital regulations of the EU for financial institutions also affect the remuneration systems. In Germany, they are being implemented through the German Banking Act (Kreditwesengesetz) and the German Remuneration Ordinance for Institutions (Instituts-Vergütungsverordnung), which modify and/or tighten the existing rules. The aim is to align the remuneration systems of European financial institutions with the long-term successes and risks of the corporation. In December 2014, the Supervisory Board of Commerzbank AG therefore ratified a new remuneration system for the members of the Board of Managing Directors. The core elements of the remuneration system are a fixed basic annual salary plus variable remuneration with a uniform target amount. Variable remuneration is determined firstly by EVA target achievement by the Commerzbank Group (EVA = economic value added), secondly by the target achievement of the department for which the member of the Board of Managing Directors in question is responsible, and thirdly by the achievement of individual performance targets. The Supervisory Board may resolve to reduce or cancel the variable remuneration if it proves necessary to do so to take account of the Bank's risk-bearing capacity or ability to ensure that it can maintain or rebuild sufficient capital or liquidity resources over the long term or to safeguard its ability to meet the capital buffer requirements of the German Banking Act (Kreditwesengesetz). If set ratios are not met, the Supervisory Board must refuse to issue the variable remuneration. The Supervisory Board must also cancel the variable remuneration of a member of the Board of Managing Directors if the member of the Board of Managing Directors in question has committed a serious breach of duty during the relevant financial year or in the period thereafter up to the determination of the target achievement.

The remuneration of the Supervisory Board is specified in Art. 15 of the articles of association; the version of the articles of association currently in force was adopted by the annual general meeting on 20 April 2016. The rules were applied for the first time with effect from 1 January 2016. Under the new remuneration system, members of the Supervisory Board receive basic remuneration of 80,000 euros for the respective financial year. The Chairman of the Supervisory Board receives three times that amount, while the Deputy Chairman receives twice the amount of basic remuneration. Supervisory Board members each receive additional pay of 30,000 euros annually for being a member of the Audit Committee or Risk Committee. Additional pay of 20,000 euros annually is granted to those members of another Supervisory Board committee that meets at least once in the calendar year. The chairman of a committee receives double these amounts. The additional remuneration is paid for membership in no more than three committees; those seats on committees with the highest pay are used to determine this additional remuneration. Supervisory Board members who were a member of the Supervisory Board or a Supervisory Board committee for only part of a financial year receive lower remuneration proportional to the length of their membership for the financial year in question. In addition, each member of the Supervisory Board receives an attendance fee of 1,500 euros each time they participate in a meeting or conference call of the Supervisory Board or one of its committees. The attendance fee is paid only once for multiple meetings or conference calls held on a single day. The basic

remuneration, committee remuneration and attendance fees are payable in each case at the end of the financial year.

Additional information on the remuneration of the Board of Managing Directors and the Supervisory Board can be found in the remuneration report presented in the [Annual Report 2016](#) on pages 26 to 40.

G4-54 Ratio of the highest annual total compensation to the median annual total compensation

We do not believe disclosing this ratio serves an informative or meaningful purpose in terms of evaluating the appropriateness of our remuneration structures. We publish the remuneration of employees in a separate annual [report](#) on the Commerzbank website. Additional information on the remuneration of the Board of Managing Directors and the Supervisory Board can be found in the remuneration report presented in the [Annual Report 2016](#) on pages 26-40.

Ethics and Integrity

Nr.	Index	UNGC	SDG
G4-56	Values, principles, standards and norms of behavior	10	<u>16</u>
<p>Commerzbank's efforts to make its business operations sustainable go beyond simply complying with applicable laws and external regulations. It has also made voluntary commitments, such as to the UN Global Compact, and introduced various internal policies that provide the Bank's employees with clear guidance on how to conduct themselves. They include the binding principles established in the Code of Conduct. This sets out a framework for proper and ethically irreproachable behaviour in daily work, and makes clear what Commerzbank and its Board of Managing Directors expect from all of the Group's employees: that they not only comply with laws, regulations and internal guidelines, but also stay within our guiding principles.</p>			
<p>Additional guidelines relate to the management of not only the bank's economic performance, but also its non-financial performance. The main guidelines are the:</p> <ul style="list-style-type: none"> • ComWerte corporate values (performance, respect and partnership, market orientation, team spirit, integrity) • Corporate Responsibility Guidelines (which refer to six different areas: legal compliance and transparency, embedding the values in our core business, employee awareness, stakeholder dialogue, recognition of the United Nations Global Compact and continuous improvement) • Sustainability strategy with nine principles guiding the Bank's action • Policies and positioning on issues relevant to sustainability • Commerzbank environmental guidelines • Procurement guidelines, which include ethical guidelines and the sustainable procurement standard 			
<p>The wording of the guidelines for responsible conduct can be found</p>			

on the [sustainability website](#).

Specific Standard Disclosures

Economic

Nr.	Index	UNGC	SDG
DMA	Management approach	7	
	<p>The financial market and sovereign debt crisis has fundamentally changed the banking environment. Commerzbank is taking a systematic response: we are further reducing risks, optimising our capital base, continuing our stringent cost management approach and investing in the earnings power of the core bank by adapting our business model to the needs of our customers and the real economy. Commerzbank firmly believes that long-term economic success is also dependent on the careful use of natural resources and a healthy social environment. We therefore strive for development that is economically and socially sustainable. We want to take advantage of every opportunity to avoid risks to our business and seize the potential to steer the business in a future-oriented direction. Commerzbank, as part of society, also believes it has a task to help shape its environment through a wide range of social commitments. We work for the common good through numerous cooperation and sponsorship programmes, support for the voluntary activities of our staff and the activities of various foundations.</p>		
G4-EC1	Direct economic value created and distributed		<u>2</u> , <u>8</u> , <u>9</u>
	<p>The Commerzbank Group's operating profit for 2016 came to 1,399 million euros (2015: 1,942 million euros). Consolidated profit attributable to Commerzbank shareholders for the period under review stood at 279 million euros. Tax expense for 2016 totalled 261 million euros, compared to 629 million euros the previous year. At 7,100 million euros, administrative expenses in the period under review were down very slightly year on year. Personnel expenses, at 3,723 million euros, decreased 4.5 per cent compared to 2015, which was due in particular to lower variable salary components. A detailed income statement is provided on page 127 of the Annual Report 2016.</p> <p>Investments in the community are also made through the Bank's various foundations: the Commerzbank Foundation, the Jürgen Ponto Foundation for promoting young artists, the Dresden Cultural Foundation of Dresdner Bank and six charitable foundations. The endowment capital of each and their financial assistance are shown in the following linked tables. The Commerzbank Foundation Centre represents the organisational framework for the various foundations. In 2016, Commerzbank's expenses for the Foundation Centre amounted to approximately 1.55 million euros for personnel, workplace, office and other material costs.</p>		

[Endowment capital Foundation Centre](#) (PDF, 19 kB)
[Sponsorship volume Foundation Centre](#) (PDF, 19 kB)

G4-EC2	Financial implications and other risks and opportunities due to climate change	7	<u>13</u>
<p>The risks resulting from climate change form an integral part of Commerzbank's risk strategy and overall risk management. The risk management system includes climate change issues in its analysis and assessment of country- and sector-specific risks. Environmental risks are also assessed and evaluated using a qualitative approach as part of reputational risk management. For more details, please see the information provided in the item "Management approach" under Product Responsibility and under indicator GW-FS8 for more information.</p> <p>We seize the opportunities arising from the energy transition and climate protection in our core business by financing <u>renewable energies</u>, assisting with <u>green bonds</u>, brokering <u>sustainable investments</u> and supporting our customers in managing <u>CO2 emission allowances</u>.</p> <p>At the same time, Commerzbank strives to continue further reducing its own ecological footprint. We have already managed to cut our CO2 emissions by 66 per cent since 2007. Since 2015, Commerzbank's operations have been climate neutral in Germany. We offset unavoidable carbon emissions by investing in environmental projects financed through high-quality CO2 certificates. Additional details on climate neutrality and criteria for selecting projects as well as decommissioning certificates for previous certificate purchases are available on the sustainability website.</p>			
G4-EC7	Infrastructure investments and services provided	2, 9, <u>11</u>	
<p>In May 2016, Commerzbank pledged to support the Joblinge organisation for three years in developing Kompass, a nationwide programme specifically geared towards the needs of refugees which focuses on their integration into the primary labour market. We encourage our employees to support the programme on a voluntary basis as a language coach or mentor. They are excused from work with pay to receive the necessary qualifications for these roles. An example can be found on page 28 of the <u>Corporate Responsibility Magazine 2017</u>.</p> <p>As part of our efforts on behalf of the common good, some 300 Commerzbank employees took part in the <u>Malteser Social Day</u> in 2016, supporting 27 social projects in 10 towns and cities throughout Germany. Many of these charitable projects provided support for disabled people, senior citizens and refugees. Commerzbank employees also pitched in with the renovation and other design efforts at day care centres and schools. Commerzbank has been participating in the Malteser Social Day since 2012. It excuses employees from their work for the day and pays for the associated costs. An example can be found on page 29 of the <u>Corporate Responsibility Magazine 2017</u>.</p> <p>Commerzbank's <u>education mentor programme</u>, established</p>			

in 2013, focuses on young people who find it difficult to complete their basic education, are unable to find an apprenticeship or are in danger of breaking off their training. In 2016, the programme was available in ten German states and 43 new participants took part in it. An example can be found on page 29 of the [Corporate Responsibility Magazine 2017](#).

Since as early as 1990, Commerzbank has been offering an [environmental internship](#) to students with an interest in this area. Every year, up to 70 students from various departments now complete an internship of several months' duration in one of 25 German national parks, nature reserves or biosphere reserves. The Bank provides financial resources and administrative services. Since the idea emerged more than 25 years ago, the programme, which has received a number of awards, has enabled more than 1,500 interns to complete an open-air semester. As part of the German Federal President's "Week of the Environment" (Woche der Umwelt) exhibition, the Commerzbank environmental internship programme presented itself in June 2016 as a cooperation partner at the stand of the Bavarian Forest National Park in front of Schloss Bellevue, which is the President's principal official residence in Berlin.

For decades, Commerzbank has sponsored popular sport, where the focus extends beyond just athletic competition to bonding with teammates and competitors across ethnic, religious and social boundaries. The focus is on football, which is by far the most popular type of sport in Germany across all social classes. Further information on sponsoring popular sport can be found on page 30 of the Corporate Responsibility Magazine 2017.

As far as Commerzbank is concerned, a commitment to foundations forms an integral part of its corporate social responsibility. The Bank's various foundations are pooled in organisational terms under the [Commerzbank Foundation Centre](#). Decisions on which projects to support are taken by the individual foundation's board of trustees in accordance with the objectives of the foundation concerned. The common goal of the independent foundations is to facilitate future-oriented developments in science, education, the arts, culture and different areas of society, and to provide new ideas and inspiration. The funding priorities of the foundations are as follows:

- The [Commerzbank Foundation](#) focuses on supporting science, culture and social issues across Germany. As a foundation under civil law, the Commerzbank Foundation continues the tradition of the dependent company foundation established in 1970.
- The [Jürgen Ponto Foundation](#) promotes up-and-coming talents in the areas of music, literature and the fine and performing arts.
- The [Dresden Cultural Foundation of Dresdner Bank](#) pursues charitable causes. The objective of the foundation is to provide support for the arts, culture, science, the protection and preservation of historical buildings and monuments, education, education for the general public and vocational education in Dresden, as well as the advancement of the democratic state.
- Commerzbank's commitment to foundations is rounded off by the work of the six [charitable foundations](#) that provide financial support to employees and retired members of the Bank who are in distress through no fault of their own.

Environmental

Nr.	Index	<u>UNGC</u>	<u>SDG</u>
DMA	<p data-bbox="347 264 692 297">Management approach</p> <p data-bbox="347 331 1177 555">Operational environmental protection and the systematic reduction of resource consumption at Commerzbank are key components of our sustainability concept. In order to reduce the Bank's environmental footprint, we continued working on the various measures for implementing our climate strategy and on continuously refining our certified environmental management system in 2016.</p> <p data-bbox="347 589 1203 1301">As Commerzbank regards environmental protection as a managerial responsibility, all managers – top-down, beginning with the Board of Managing Directors – are accountable for the implementation of the environmental targets we have agreed. Environmental and energy management falls within the remit of the Group's Organisation & Security unit, which reports directly to the Board of Managing Directors. Operational environmental protection is also closely connected to many other departments to ensure that Commerzbank's environmental policy is applicable to all business activities of the Bank. As part of the Group Operating Committee, the Group Environmental Committee – with Frank Annuscheit, member of the Commerzbank Board of Managing Directors, as its chairman – regularly defines and adopts standards and strategies for environmental protection regarding the Bank's operations. All divisions, including sales units, are represented on the committee. Commerzbank has defined clear rules for conducting business in an environmentally responsible way. The <u>environmental guidelines</u> were last updated in October 2015, approved by the full Board of Managing Directors and made available to Commerzbank's key service providers and suppliers.</p> <p data-bbox="347 1335 1198 1720">As part of our <u>climate strategy</u>, we have made a commitment to reduce Commerzbank AG's CO2 emissions in Germany by a total of 70 per cent by 2020 compared with the base year of 2007. We have been implementing a variety of measures, in particular in terms of energy use and mobility, to achieve this target. This is primarily a question of avoiding greenhouse gas emissions or, in cases where this is not possible, of reducing them systematically. These efforts resulted in a 65.6 per cent reduction in CO2 emissions in 2016 compared to 2007. Since 2015, we have been offsetting the remaining emissions that prove difficult to avoid. Commerzbank AG's operations in Germany are therefore <u>climate neutral</u>.</p> <p data-bbox="347 1753 1198 2040">Commerzbank AG's <u>environmental management system</u> in Germany, which was introduced in 2008, has been certified by DNV GL Business Assurance Zertifizierung und Umweltgutachter GmbH in accordance with the ISO 14001 standard. In May 2016, the energy management system established in accordance with the standard ISO 50001 was also certified for the first time by DNV GL. As in the previous year, all employees in Germany were covered in the reporting period.</p>	7-9	

Due to the joint use of individual properties by employees of Commerzbank AG Germany and Commerzbank subsidiaries, part of these subsidiaries' data was also included in the environmental data of Commerzbank AG Germany. This data was separated out in 2016 for the first time, thereby further improving data quality. At the same time, the data of Commerzbank AG abroad for 2016 has also been included for the first time. A wide range of sources serve as the basis for calculating the environmental data of Commerzbank AG outside Germany, but in some cases, no data is available. In this respect, the data is still incomplete and cannot be compared to the data collected for Commerzbank AG in Germany in qualitative terms. For example, it was not possible to collect information on losses related to cooling and extinguishing agents. The figures for staff commutes in locations abroad were not calculated either, as the base data of the German Federal Statistical Office apply only to Germany. An external verification has therefore not been performed yet. We continue to work on improving data quality for foreign branches as well.

G4-EN1 and G4-EN2	Materials used by weight or volume and percentage of materials used that are recycled input materials	7, 8	<u>8</u>
<p>The reported quantity of paper consumed by Commerzbank AG Germany decreased slightly year on year by 1.8 per cent in 2016, as the Bank succeeded in reducing its consumption of copying paper and paper for bank statement printers. The amount of virgin fibre paper decreased slightly by around 1 per cent, and the share of recycled paper dropped simultaneously from 12.5 per cent to 11.8 per cent. The standard used for purchasing copying paper stipulates that pure white paper, which we use for documents designed for external needs, should correspond to the standard of the Programme for the Endorsement of Forest Certification Schemes (PEFC). Recycled paper with the Blue Angel eco-label should be used for in-house purposes.</p>			
<p>Paper and toner consumption (PDF, 26 kB)</p>			
G4-EN3	Energy consumption within the organisation	7, 8	<u>7,</u> <u>12,</u> <u>13</u>
<p>The substantial increase in the consumption of heating oil by Commerzbank AG Germany from 1,068 MWh in 2015 to 5,044 MWh in 2016 is due to the improvement in the underlying data. However, oil heating appliances are gradually being replaced by more environmentally friendly systems and now account for only a very low percentage of our total energy consumption. In Germany, heating oil as a source of heat energy stands at 2.8 per cent, and at 1.9 per cent for locations abroad. Outside Germany, more than 77 per cent of heat energy is generated with natural gas. Individual locations in Asia where heat is supplied through the air conditioning system are exceptions to this. In Germany, approximately 60 per cent of heat energy is obtained from natural gas.</p>			
<p>Energy consumption in terms of electricity decreased</p>			

significantly at Commerzbank AG Germany, which is due largely to scaling down the Bank's physical footprint and the optimisation of IT systems. Commerzbank's approximately 1,100 buildings in Germany have been supplied completely with green electricity since 2013. Our energy suppliers duly enter the guarantees of origin for our green electricity in the register of guarantees of origin, which excludes the possibility that a guarantee of origin could be sold to the consumer more than once. These comprise European Energy Certificate System (EECS) guarantees of origin from hydroelectric plants that are not older than seven years.

The Bank once again achieved a considerable reduction in district heat in 2016, which it did independently of factoring out the percentages attributable to subsidiaries. Total indirect energy consumption of Commerzbank AG Germany fell by 6.5 per cent year on year (and by 12.9 per cent when excluding subsidiaries). Locations outside Germany account for 9.3 per cent of total indirect energy consumption.

[Direct energy consumption](#) (PDF, 24 kB)

[Energy consumption](#) (PDF, 24 kB)

G4-EN6	Reduction of energy consumption	8, 9	<u>7,</u> <u>12,</u> <u>13</u>
<p>Energy consumption in Germany (including subsidiaries) was reduced by 5 per cent in 2016. As part of a series of long-term tests and pilot projects, we are experimenting with LEDs for lighting our indoor spaces. In addition to the strength of the light and the colour rendering, which are crucial factors in our employees' performance, we are also measuring the electricity used. At the same time, we are switching the lighting of secondary areas, such as underground car parks and lifts, to LEDs at the Bank's locations, carrying out both large and small conversion projects. Smart electricity meters are another way of increasing efficiency in energy management that the Bank hopes will result in energy savings of around 5 per cent. Smart meters will be initially installed in buildings with particularly high energy consumption figures.</p>			
G4-EN8	Total water withdrawal by source	7, 8	<u>6</u>
<p>Commerzbank AG Germany uses almost exclusively drinking water in its buildings. Our water consumption totalled 477,633 m³ in 2016 (2015: 533,429 m³). The decline of more than 3.9 per cent (10.5 per cent when excluding subsidiaries) is the result of the more efficient use of well water at the Leopoldstraße location in Munich and the transfer of responsibility for operating the well system in Düsseldorf to the owner. The Bank performs monthly checks of consumption quantities at all larger locations.</p>			
G4-EN15, G4-EN16 and G4-EN17	Direct greenhouse gas (GHG) emissions (Scope 1), energy indirect greenhouse gas (GHG) emissions (Scope 2) and other indirect greenhouse gas (GHG) emissions (Scope 3)	7, 8	<u>3,</u> <u>12,</u> <u>13,</u> <u>14,</u> <u>15</u>
<p>Commerzbank measures its carbon dioxide (CO₂) emissions in</p>			

accordance with the standard developed by the German Association for Environmental Management and Sustainability in Financial Institutions (VfU). In our reporting on greenhouse gas emissions, we distinguish between Scope 1 (all direct GHG emissions), Scope 2 (indirect GHG emissions from consumption of purchased energy) and Scope 3 (all other indirect emissions from services rendered by third parties, as well as upstream and downstream processes) in accordance with the Greenhouse Gas (GHG) Protocol. The emissions are calculated as CO₂ equivalents, which means that apart from CO₂, other greenhouse gases, such as methane (CH₄) and dinitrogen oxide (N₂O), are also accounted for in the calculation, and their detrimental effect on the climate is converted into the CO₂ reference value. The consumption data, the data collection mode and the calculated CO₂ emissions have been verified since 2009 by the external company DNV GL Business Assurance Zertifizierung und Umweltgutachter GmbH.

In 2016, Commerzbank AG Germany managed to reduce its greenhouse gas emissions year on year by around 1,934 tonnes of CO₂ or 1.6 per cent. The emissions figure for district heat which was raised by more than 97 per cent in the current version of the VfU emissions calculator continued to have a significant impact on the size of the carbon footprint. It mainly affected indirect greenhouse gas emissions from energy supply. These emissions rose from 6,940 tonnes of CO₂ in 2014 to 9,487 tonnes of CO₂ in 2016. The corresponding amount of energy consumed decreased by 19.4 per cent during the same period, while CO₂ emissions increased by 36.7 per cent due to the adjustment of the figure. The increase would have been even greater had approximately 55 per cent of the emissions not been calculated from figures of suppliers. Travel by staff also has a significant impact on Commerzbank's carbon footprint, accounting for some 27 per cent of our greenhouse gas emissions at Commerzbank AG Germany in 2016. Around 63.4 per cent of all business travel at Commerzbank AG Germany and 44.3 per cent of business travel at Commerzbank AG as a whole was done by car.

[Direct and indirect greenhouse gas emissions](#) (PDF, 28 kB)

[Business travel](#) (PDF, 25 kB)

[Carbon footprint by scope](#) (PDF, 21 kB)

G4-EN18	Greenhouse gas (GHG) emissions intensity	8	<u>13,</u> <u>14,</u> <u>15</u>
<p>With a 65.6 per cent reduction by the end of 2016, Commerzbank has already almost completely met its second climate target of reducing CO₂ emissions by 70 per cent on the basis of 2007 levels by 2020. Since the start of 2015, Commerzbank AG Germany has been <u>climate neutral</u>, thanks to its programme aimed at offsetting all unavoidable CO₂ emissions from business operations, including staff commuting to and from work. Please see indicator G4-EN30 for more information about the further reduction of emissions for business travel and vehicles.</p>			

Greenhouse gas emissions intensity (PDF, 26 kB)			
G4-EN19	Reduction of greenhouse gas (GHG) emissions	8, 9	<u>13</u> , <u>14</u> , <u>15</u>
<p>Waste resulting from our business activities has a major impact on our ecological footprint. In 2016, approximately 92 per cent of the waste generated by Commerzbank AG as a whole and 97.5 per cent of such waste at Commerzbank AG Germany was reused and/or recycled. Paper used in banking operations accounted for almost 59 per cent of the total amount of waste generated, and for as much as 62 per cent with regard to banking operations in Germany.</p> <p>Reduction of CO2 emissions 2007-2015 (PDF, 53 kB)</p>			
G4-EN23	Total weight of waste by type and disposal method	8	<u>3</u> , <u>12</u>
<p>Waste resulting from our business activities has a major impact on our ecological footprint. In 2016, approximately 92 per cent of the waste generated by Commerzbank AG as a whole and 97.5 per cent of such waste at Commerzbank AG Germany was reused and/or recycled. Paper used in banking operations accounted for almost 59 per cent of the total amount of waste generated, and for as much as 62 per cent with regard to banking operations in Germany.</p> <p>Waste by type of disposal (PDF, 25 kB) Waste by category (PDF, 26 kB)</p>			
G4-EN27	Mitigation of environmental impacts of products and services	7-9	<u>6</u> , <u>8</u> , <u>12</u> , <u>13</u> , <u>14</u> , <u>15</u>
<p>The environmental initiatives that we target as part of our banking business have a two-pronged focus. The first is on the financing of companies and projects concerned with the expansion of renewable energies, increases in energy efficiency and the reduction of CO2 emissions. The second relates to opportunities for our customers to invest in such companies and projects (sustainable financial investments). For details, please see indicator G4-EC2, the item "Management approach/Product portfolio" under Product Responsibility and indicator FS8 and also on pages 13-17 of the Corporate Responsibility Magazine 2017.</p>			
G4-EN29	Fines and sanctions for non-compliance with environmental regulations	8	<u>16</u>
<p>No material fines for non-compliance with environmental regulations were imposed in the reporting period.</p>			
G4-EN30	Significant environmental impacts of transporting products	8	<u>11</u> , <u>12</u> , <u>13</u>
<p>Our travel guidelines state that domestic air travel should be avoided whenever possible. They also require employees to use public transport as their first choice, look into travel-sharing opportunities and, where feasible, use alternatives such as video and telephone conferencing. This approach is</p>			

making progress thanks to a project currently under way at the Bank which targets digitally integrated communication and collaboration at the workplace using modern communication technology. The project also underscores the responsibility of managers to set a good example in this matter.

The guidelines for Bank vehicles in effect since March 2015 place a greater focus on environmental aspects. A scheme involving bonuses and penalties, combined with the approval to order electric vehicles, creates clear incentives for a more environmentally conscious selection of company cars to be leased. In 2016, the average CO2 emissions of newly ordered vehicles amounted to 118 grams per kilometre (2015: 121 grams per kilometre). A new standard for Commerzbank's pool vehicles was introduced back in 2014. Since then, efforts have been under way to replace existing vehicles with significantly more efficient ones with lower CO2 emissions and to reduce average CO2 emissions to below 100 grams of CO2 per kilometre in future. Compared to 2015, average CO2 emissions for diesel vehicles decreased by 3.7 per cent to 104 grams per kilometre in 2016. At 96 grams per kilometre, the figure for petrol vehicles remained at the same low level as the previous year. The Bank reduced its fleet of pool vehicles to 363 vehicles by the end of 2016, which corresponds to a decrease of 14 per cent. Since 2015, employees have been able to use electric cars as pool vehicles for business trips at select locations in Germany.

We also provide our employees with special bicycle offers for a climate-friendly alternative to driving or public transport. In addition to a bike lease option, they include 70 company bicycles at eight locations. The number of employee trips by rail and the rate of BahnCard usage by employees have been steadily rising in recent years. Business trips within Germany by rail are powered by 100 per cent green electricity, making an additional contribution to environmental and climate protection.

G4-EN31	Environmental protection expenditures and investments	7-9	<u>7, 9, 13, 14, 15, 17</u>
	Operational environmental protection is associated with making investments. Annual expenses incurred in connection with centralised environmental management are about 720,000 euros, not including additional costs associated with the procurement of environmentally friendly materials. Waste disposal costs rose slightly from around 695,000 euros in 2015 to 698,000 euros in 2016. The sourcing of green electricity led to additional costs of approximately 200,000 euros in 2016.		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	8	
	Commerzbank's procurement processes are handled by the central Corporate Procurement office. This allows us to ensure standardised sustainability standards. As part of its tenders, Commerzbank uses an electronic self-disclosure form for suppliers, which contains a section on corporate sustainability. Suppliers are asked, for example, whether they possess certification in accordance with an environmental or energy		

management system. Compliance with sustainability criteria is addressed in annual meetings with the most important service providers. Commerzbank's suppliers and service providers are required to sign the "Integrity, the environment and social responsibility" clause, thereby undertaking to act with integrity in their business dealings. This includes respecting human and personal rights and abiding by social and environmental standards.

Since 2015, an "integrity, environment and social responsibility" clause has also been included in new contracts. This clause also requires environmental standards to be imposed on subcontractors.

Social: Labor Practices and Decent Work

Nr.	Index	UNGC	SDG
DMA	Management approach	1, 6	
	<p>The basis for long-term corporate success is dealing with employees fairly and as partners. For Commerzbank, this also means that we focus on training and motivating staff in the course of our HR work. We want to offer them an environment where they enjoy working and can do so successfully, allowing them to contribute to the company's long-term success. In the interest of an approach based on partnership, Commerzbank regularly surveys its employees, which enables us to recognise their needs and integrate them into the company's development.</p> <p>To retain employees on a long-term basis and to effectively use their qualifications to the benefit of our company, we aim to identify and develop our employees' skills at an early stage. Commerzbank's <u>talent management</u> consequently pursues a holistic approach. It starts with the hiring and development of trainees and extends to support for university graduates in attaining their initial target positions and personnel development for specialist staff, managers and project managers.</p> <p><u>Diversity</u> is another key principle, and the Global Diversity Council is the central strategic entity. The involvement of all divisions and support from regional councils makes it possible to take country-specific needs and differences into account. In 2016, "Employees with disabilities" joined the existing areas of action: "Work/life balance", "Women in the Bank", "Fathers", "Sexual orientation", "Generational concerns", "Cultural diversity" and "Employee networks".</p> <p>One particular focus of Commerzbank's efforts for many years has been on the advancement of women in management positions. By 2015, Commerzbank's individual divisions had defined their own specific hiring goals for women in management positions. A target ratio of 30 per cent for the Bank as a whole by the end of 2015 was then determined based on these goals. At 29.8 per cent, the Bank nearly succeeded in meeting this target at the end of 2016. The bank will continue to work on improving the ratio – particularly for top</p>		

management – in the years ahead. In implementing the German Federal Act on Gender Equality, the Board of Managing Directors had decided in early 2015 on a conservative target with a deadline of 30 June 2017 in order to ensure the company's freedom to act. In light of a placement ratio for women of 15.2 per cent in the first management tier at the end of 2016, with a target ratio of 8.6 per cent as announced by the Bank, it is clear Commerzbank has continued to actively promote women in leadership positions, regardless of statutory requirements. In May 2017, the Board of Managing Directors adopted new targets. These targets aim to increase the percentage of women in leadership positions to 17.5 per cent in the first management tier, to 20 per cent in the second management tier and to 35 per cent across all management levels by the end of 2021.

Additional focal points of our HR work are occupational health and safety and promoting good health. Since 2013, we have been continuously expanding our occupational health, safety and prevention efforts through a circular model to assess risks. Our aim is to systematically identify, prevent and reduce physical and psychological stress factors in the workplace. We provide various services and measures relating to nutrition, stress management, addiction prevention and exercise. In February 2013, Commerzbank's health management system was the first to be TÜV-Süd certified throughout Germany in accordance with the Corporate Health Standard. This recognises Commerzbank's systematic and sustainable approach to maintaining the health of its employees.

Productive cooperation with employee interest groups is important to us. Numerous works agreements document our close cooperation with employee representatives. Commerzbank engages in regular and constructive dialogue conducted in a spirit of partnership with employee representatives on all co-determination-related issues. The representative council for employees with severe disabilities is dedicated to ensuring that people with and without disabilities are treated as equals at Commerzbank. In addition to practical support and technical changes in the workplace, our employees are made more aware of dealing with disabilities and illness on a day-to-day basis.

Commerzbank presented its "Commerzbank 4.0" strategy in the year under review. Our new strategy calls for the systematic realignment of the Bank. HR work plays a key role in the successful implementation of the business model. While not the aim, headcount reduction is an unavoidable outcome of this transformation to "Commerzbank 4.0". We will deploy all of our HR tools responsibly and professionally to ensure that the headcount reduction takes place in a socially responsible manner.

G4-LA1	New employee hires and employee turnover	6	<u>5, 8</u>
---------------	---	---	-------------

The rate of employee turnover in the year under review was 3.7 per cent. This amounts to a year-on-year increase of 0.5 per cent. Through the leaver's management survey, Commerzbank was able to systematically compile through

31 August 2016 the reasons why employees leave of their own volition. The survey provides greater insight into the reasons behind an employee's decision. Where appropriate, the Bank can in turn take steps to better retain employees in future who are liable to leave. Around 44 per cent of those surveyed at Commerzbank AG Germany in 2016 indicated that they gave notice due to personal reasons. For the remaining approximately 56 per cent, the reasons given for leaving were related in some way to the company. In particular, leavers cited career opportunities, collaboration with their direct manager, and qualification and further development as instrumental in their decision. In justifying their choice, employees sometimes note that they see only limited career opportunities within the Bank. As a result, they more seldom perceive investments in training and development in their own work environment. Another finding from the survey is that more than half of those employees who give notice of their own volition for reasons related to the company are 35 years old or younger. Plans are in place to revise the survey with a new concept and ideally include subsidiaries.

The average length of service of employees with Commerzbank AG Germany is around 20 years; 20 per cent have worked for the Bank for up to 9 years, 30 per cent for between 10 and 19 years, and 50 per cent for 20 years or more.

[Employee turnover by age](#) (PDF, 23 kB)

[New hires by age](#) (PDF, 23 kB)

[Employee turnover by gender](#) (PDF, 23 kB)

[New hires by gender](#) (PDF, 23 kB)

[Employee turnover by region](#) (PDF, 25 kB)

[New hires by region](#) (PDF, 25 kB)

[Employee turnover by reason for leaving](#) (PDF, 25 kB)

G4-LA5 Percentage of total workforce represented in health and safety committees

All of Commerzbank's employees are represented on the health and safety committee. A central health and safety committee covering Commerzbank Group Germany is based in Frankfurt am Main; it is responsible for the head office, branches and subsidiaries. The responsibilities and the composition of this committee are specified by the German Health & Safety at Work Act (Arbeitssicherheitsgesetz). All groups and divisions have representatives on the health and safety committee and work together in a spirit of partnership. Furthermore, additional health and safety committees have been established at the larger Group companies, where they specifically address the particular circumstances of the respective entities.

There has also been an Employee Council on Health since 2010, which comprises 45 employees from Commerzbank AG. They discuss key health issues with the member of the Board of Managing Directors responsible for HR and the chairman of the central works council. A new council is appointed every four years through a Bank-wide call for applications and a subsequent selection process.

G4-LA6

Injuries, occupational diseases, lost days, and work-related fatalities

The rate of absence due to illness at Commerzbank AG Germany amounted to 4.6 per cent in 2016, which does not include persons on long-term sick leave. The rate of reportable workplace and commuting accidents at Commerzbank in Germany was 6.4 per 1,000 employees in 2016 (2015: 5.5) and was again at a low level below the target levels specified by the employers' liability insurance association. There were no fatalities due to accidents in the reporting year.

[Number of workplace accidents by region and gender \(PDF, 25 kB\)](#)

G4-LA8 Health and safety topics covered in formal agreements with trade unions

A number of works agreements on the issues of fairness at the workplace, addiction prevention, corporate return-to-work management and workstations govern work practices aimed at promoting employee health at the Bank. Commerzbank has had a works agreement in place since 2013 to assess risks. The findings provide the basis for developing and implementing relevant measures together with employees and managers. In cooperation with employee representatives, all existing aspects of the risk assessment underwent a comprehensive review process in 2016.

G4-LA9 Average hours of training

6

5, 8

In 2016, 3,331 on-site seminars were conducted over 60,435 attendee days. Including media for learning on one's own, we invested a total of 712,928 hours in training and educating Commerzbank AG Germany employees. The average number of hours per employee and year therefore amounted to 20.27 hours in the reporting year. We do not report the hours itemised by employee category. This type of data is not available because it is not relevant to the management of professional education at Commerzbank. Professional education at Commerzbank is offered based on needs and demand.

Of the 32,043 people employed by Commerzbank AG in Germany as at 31 December 2016, 906 were in vocational training (701 were apprentices and 205 were students of dual degree programmes). In the reporting period, we hired 267 apprentices and students pursuing integrated work/study courses. They are completing apprenticeships in banking or earning a bachelor's degree. During the year under review, we hired 358 of the apprentices and students of dual degree programmes (57 per cent) who applied after they had finished their training, offering them promising career opportunities at the Bank. As at 31 December 2016, the Bank also employed another 109 people as trainees and 404 students who belonged to the Commerzbank study group (321 who worked as part of a regular schedule and 83 in a block period). In 2016, 402 people completed internships at Commerzbank as part of their studies.

[Average number of hours spent on training and development](#)

	(PDF, 25 kB) Apprenticeships (PDF, 24 kB)		
G4-LA10	Programs that support the continued employability of employees		<u>8</u>
	<p>We pool all offerings under the Commerzbank Academy and facilitate lifelong occupational learning. Employees are encouraged to more actively shape their further personal and professional development and, together with their superiors, take the reins to make this a reality. The Academy offers some 1,500 courses, ranging from basic knowledge for newcomers all the way to highly specialised training for employees in all departments and divisions. Three equal career paths with clearly structured qualification and development opportunities are available to employees: the paths to becoming a specialist, a manager or a project officer.</p>		
G4-LA11	Percentage of employees receiving regular performance and career development reviews	6	<u>5, 8</u>
	<p>Through the Competence Dialogue, we ensure uniform Bank-wide standards for training and development. The process requires employees to first assess their own technical and personal skills. Managers then appraise the skills of their employees. This creates the basis for a regular dialogue and enables all employees to maintain and boost their professional fitness in line with their specific needs. Employees therefore have the opportunity to actively shape their professional futures together with their manager. In the reporting year, approximately 28,300 Commerzbank AG Germany employees in total participated in the Competence Dialogue, which corresponds to a participation rate of 98 per cent (compared to 94 per cent in 2015).</p> <p>Commerzbank AG also uses a range of other HR management tools, such as target and performance assessments, performance evaluations and agreements on targets. These tools are a means of gauging how an employee is doing and serve to determine wages as part of the existing works agreements in Germany and local regulations. The use of HR management tools ensures that employees gear their actions towards the Bank's strategic objectives. Approximately 19,200 employees in total were evaluated in the reporting year.</p> <p>Information on the number of participants as broken down by gender and employee category is not available because it is considered immaterial with regard to an employee's development or performance evaluation.</p>		
G4-LA12	Composition of governance bodies and breakdown of employees by aspects of diversity	6	<u>5</u>
	<p>We increased the percentage of women in management positions within the Commerzbank Group from 29.1 per cent in 2015 to 29.8 per cent in 2016. Measures to encourage this, both for new recruits and for women who already work for the Bank, have been further pursued according to plan. All bank segments have conducted at least one career day, for example.</p>		

Additional measures for promoting women at the Bank include workshops as part of the Diversity Forum, programmes such as Keep in Touch (10-20 per cent part-time work for up to twelve months after the birth of a child) and a guaranteed return to work after parental leave. The Management Experience programme offers staff the opportunity to try out being a manager or a project manager in temporarily vacant positions. The Bank-wide Women in Management Positions project, originally scheduled to last until the end of 2015, was also extended for 2016. We are continuing our efforts to achieve our goal of increasing the percentage of women in management positions. Information on the composition of the Board of Managing Directors and the Supervisory Board can be found on pages 5, 12-13 and 26 of the Annual Report 2016.

For many years, we have been making it easier for our staff to combine family life with a career by providing company-sponsored childcare and extensive support for those employees caring for relatives. This is based on our innovative care-related works agreement, which was concluded for the entire bank in 2015. The Bank offers approximately 320 childcare places throughout Germany. Commerzbank's emergency and holiday care was used by a total of 1,152 children on 4,550 days in 2016.

The employee networks that again held presentations in workshops at the fourth Diversity Day in September 2016 are firmly established. Around 1,000 employees in total are involved with Arco (LGBT), Courage (women), Focus Fathers, Horizont (burnout), Kulturwerk, Cross Culture (intercultural) and Network Care. These networks organise their own events and projects to raise awareness of their existence and what they do. In addition to the in-house fathers' network, Commerzbank collaborated with Väter gGmbH to initiate a company-wide fathers' network at a number of locations, which organises talks, workshops and father-and-child weekends.

A study was conducted on fathers by Väter gGmbH and Frankfurter Agentur für Innovation und Forschung on behalf of Commerzbank with the objective of developing to a greater extent family-friendly measures and offerings for men as well. The study explores the factors that motivate fathers to be involved with family life in addition to their careers, and how fathers can effectively combine both. It also provides information about how the Bank's offerings are being received and what form more customised support for fathers at Commerzbank might take. The study involved a survey of 754 Commerzbank male employees in Germany who were on parental leave between 2010 and 2015. Support for fathers will continue to become more important in future, as 94 per cent of those surveyed expect men to take greater advantage of the offerings for fathers moving forward. Since 2003, the percentage of fathers at Commerzbank who take paternity leave has increased from 0.3 per cent to 17.2 per cent in 2016. The average parental leave in 2016 was 8.8 months for women and 2.1 months for men. The findings of the study on fathers were addressed in projects and workshops to develop suitable measures for fathers, and these efforts are continuing in 2017.

In 2016, the Bank was obliged to provide 1,654 positions for

severely disabled employees. With 1,775 positions being filled by persons with severe disabilities – which corresponds to 5.36 per cent of total positions at Commerzbank AG Germany – the Bank exceeded this requirement.

[Proportion of female employees by management level](#) (PDF, 24 kB)

[Workforce by age and gender](#) (PDF, 24 kB)

G4-LA13	Ratio of basic salary and remuneration of women to men	6	<u>5,8,10</u>
<p>An overview of the salary structure at Commerzbank is best presented via pay-scale brackets, as individual salary details are protected as confidential information and there are corresponding restrictions on disclosing such information, including for statistical analysis by gender or other diversity criteria. The following graph shows a breakdown for Germany of the number of employees in each pay-scale bracket by gender:</p>			
<p>Salary structure of Commerzbank AG (PDF, 24 kB)</p>			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria		<u>16</u>
<p>Providing sustainability-relevant information is an integral part of the standard tender procedure. For quality assurance purposes, we distribute electronic self-disclosure forms for suppliers, which include questions relating to sustainability criteria. Since 2015, an “integrity, environment and social responsibility” clause has also been part of new contracts. Commerzbank’s suppliers and service providers are required to sign this clause, thereby undertaking to act with integrity in their business dealings. This includes respecting human and personal rights and abiding by social and environmental standards.</p>			

Social: Human Rights

Nr.	Index	<u>UNGC</u>	<u>SDG</u>
DMA	Management approach	2-6	
<p>Commerzbank is committed to respecting human rights. Commerzbank has based its detailed policy on human rights on internationally accepted human rights standards, including the Universal Declaration of Human Rights and the international labour standards of the International Labour Organization (ILO). As a company domiciled in Germany, Commerzbank is bound by the Organization for Economic Cooperation and Development’s (OECD) Guidelines for Multinational Enterprises and takes further guidance from the United Nations Guiding Principles on Business and Human Rights.</p>			
<p>Commerzbank has participated in the UN Global Compact (UNGC) since 2006 and undertakes:</p> <ul style="list-style-type: none"> • to support and respect the protection of international human 			

rights,

- to ensure that it does not become complicit in human rights violations,
- to uphold the freedom of association and the effective recognition of the right to collective bargaining,
- to promote the elimination of all forms of forced and compulsory labour,
- to work towards the effective abolition of child labour, and
- to strive to eliminate discrimination in respect of employment and occupation.

The vast majority of Commerzbank employees work in member states of the European Union (some 97 per cent as at the end of 2016). These countries have already enshrined the human rights standards of the UN and the ILO in their laws, and Commerzbank implements these national legal requirements as a matter of course. Furthermore, through its binding Code of Conduct, the Bank requires its employees worldwide to respect human rights. The policy clearly sets forth the existing rules governing conduct and provides employees with binding guidance on how to act with integrity – including with respect to human rights. The Code of Conduct applies without exception to all Commerzbank employees. The right to freedom of thought, conscience and religion is guaranteed at Commerzbank as part of the Diversity Charter. In addition, comprehensive diversity management promotes the individuality and diversity of employees.

When selecting service providers and suppliers, Commerzbank also contributes to respecting and promoting human rights within the scope of the opportunities available to it. Commerzbank's Code of Conduct includes the binding provision that the Bank expects its business partners to respect human and personal rights as well. Suppliers' compliance with social standards is an integral part of Commerzbank's sustainable procurement standard. All suppliers and service providers who do business with Commerzbank guarantee that they will observe the social requirements specified by this set of rules and agree to impose compliance with the corresponding requirements on their own suppliers and service providers. Compliance with social standards is the focus of annual meetings with Commerzbank's main suppliers. Reputational Risk Management also performs ad hoc analyses during the process of selecting suppliers. Violations of the sustainable procurement standard by suppliers or service providers may result in the termination of the business relationship.

G4-HR1	Significant investment agreements and contracts that include human rights clauses or screening	2
---------------	---	---

Commerzbank also works towards complying with human rights, particularly through its reputational risk management. Within the context of these efforts, business transactions and business relationships where human rights play a significant role are thoroughly researched, analysed and evaluated using a sophisticated system (e.g. the mining industry and the cotton sector). The findings can result in the rejection of a business transaction or opportunity or even the termination of business relations.

	<p>The Compliance division also examines whether the Bank and its business partners comply with relevant laws and guidelines. Among other things, Compliance staff ensure compliance with embargoes and sanctions on regimes that violate human rights, and they are responsible for preventing money laundering and funding for terrorism.</p>		
G4-HR3	<p>Incidents of discrimination and corrective actions taken</p> <p>The Bank experiences very few cases of discrimination, as many of the cases that do arise are generally dealt with immediately at the local office concerned. Cases that cannot be easily dealt with are handled by the head office. It is not possible to give a precise figure for the total number of cases because discrimination comes under the broader issue of bullying at the workplace. However, it is estimated that the total number of discrimination reports handled by the head office each year is in the single digits. Staff who feel discriminated against or bullied can make use of the Employee Assistance Programme (EAP). In 2016, there were a total of 43 contacts – as in the previous year – for the overarching issue of bullying, discrimination and sexual harassment, which corresponds to 1.5 per cent of the approximately 3,000 total EAP contacts in 2016. The works agreement on fair conduct based on partnership at the workplace also provides extensive information and guidelines for managers and employees for dealing with discrimination.</p>	6	<u>5,</u> <u>16</u>
G4-HR4	<p>Operations and suppliers identified in which the right to exercise freedom of association may be violated or at risk, and measures taken</p> <p>Employee/employer cooperation at Commerzbank is based on mutual respect and trust. Works agreements reached by the employer and employee representatives take account of the Bank's aims as well as the employees' wider needs. This will continue to apply in the future. The Bank is not aware of any instances in which Commerzbank's business activities or units did not respect freedom of association or the right to collective bargaining. We also expect our suppliers to respect freedom of association and have included this in the <u>sustainable procurement standard</u>.</p>	3	<u>8</u>
G4-HR5 and G4-HR6	<p>Operations and suppliers having significant risk for incidents of child labor, and measures taken and operations and suppliers having significant risk for incidents of forced or compulsory labor, and measures taken</p> <p>As a participant of the UN Global Compact (UNGC), Commerzbank is committed to the elimination of all forms of forced and compulsory labour and to the abolition of child labour. For the Bank as a financial service provider itself, child labour, forced labour and compulsory labour among its employees are ruled out. Commerzbank also requires its suppliers to prevent child, forced and compulsory labour, and has stated this in the <u>sustainable procurement standard</u>.</p>	4, 5	<u>8,</u> <u>16</u>

G4-HR10	Percentage of new suppliers that were screened using human rights criteria	2
<p>Providing sustainability-relevant information is an integral part of the standard tender procedure. For quality assurance purposes, we distribute electronic self-disclosure forms for suppliers, which include questions relating to sustainability criteria. Since 2015, an "integrity, environment and social responsibility" clause has also been included in new contracts. Commerzbank's suppliers and service providers are required to sign this clause, thereby undertaking to act with integrity in their business dealings. This includes respecting human and personal rights and abiding by social and environmental standards.</p>		
G4-HR11	Significant human rights impacts in the supply chain	2
<p>As part of supplier management, questions relating to sustainability are a criterion of the annual assessment of key suppliers. In the event of violations of the <u>sustainable procurement standard</u>, suppliers are specifically notified of the need for improvement. In the reporting year, no contracts with suppliers were terminated due to the failure to observe human rights.</p>		

Social: Society

Nr.	Index	<u>UNGC</u>	<u>SDG</u>
DMA	Management approach	1, 10	
<p>Commerzbank, as part of society, sees its task also in positively influencing its environment. The Bank primarily lives up to this responsibility through its role as an employer and the positive impact of its financial services on the economy. We also work for the common good through numerous cooperation and sponsorship programmes, support for the volunteer work of staff and the activities of nine foundations (please see indicator G4-EC7). Working in partnership with politicians and associations, we also help to responsibly shape the parameters that apply to banking. We consider acting properly and in accordance with the law in all areas of business to be the necessary foundation of our corporate responsibility. Commerzbank takes extensive precautions to ensure that customers and employees do not fall victim to fraudulent activities. We also protect our products and processes against improper use. For us, resolving dubious matters and taking a zero-tolerance approach to all attempts at financial crime, irrespective of the person concerned, are top priorities.</p> <p>Because we are committed to being a fair player in the marketplace and to fighting corruption, Commerzbank observes the OECD Guidelines for Multinational Enterprises. We have also signed up to the ten principles of the <u>UN Global Compact</u> (which include fighting corruption). These external standards are supplemented by a wide range of internal policies. Together, they form the framework of our compliance management. This includes a binding <u>Code of Conduct</u> that provides a framework for proper and ethically irreproachable behaviour in daily work</p>			

and which is based on our internal ComWerte value system.

As business processes constantly evolve and new legal requirements come into force, we never stop optimising our compliance-relevant processes. Commerzbank's Compliance division, which fell within the direct remit of the CFO during the reporting period, has extensive rights to issue instructions and escalate decision-making, as well as to obtain information and conduct investigations. In 2016, the Group division restructured the global network of compliance departments and employees in other units both in Germany and abroad, and it used several global committees dedicated to specific issues to do so.

G4-S01 and G4-FS13	Percentage of operations with implemented local community engagement, impact assessments, and development programs and access points in low-populated or economically disadvantaged areas by type	1	<u>1</u>
	<p>The range of high-quality financial services that we offer to people throughout Germany is something that we consider to be an important contribution by the Bank to the country's infrastructure. With approximately 1,000 branches across the country, we have one of the densest branch networks of all private banks in Germany. The job cuts that have become necessary in recent years have not resulted in Commerzbank reducing its presence on the ground or in closing branches. The Bank's business operations do not result in significant negative impacts on local communities, such as significant environmental damage.</p> <p>Specifications on our activities at the branches can be found on indicator G4-EC7</p>		
G4-FS14	Initiatives to improve access to financial services for disadvantaged people		<u>1</u>
	<p>To make Commerzbank offers available to all social groups, we place great emphasis on designing our branches to be fully accessible. At the end of 2016, 65 per cent of our branches ensured barrier-free accessibility. In future, we will consider optimal access for all groups of users when refurbishing branches and installing automatic teller machines. Personal consultation in sign language has been a part of Commerzbank's services for many years. With just a few exceptions, all Commerzbank automatic teller machines have also been fitted with a "read out" function for visually impaired clients. Furthermore, customers and interested parties have the option to engage in online dialogue with Commerzbank. Enquiries concerning products, services and banking are answered seven days a week through text, voice and video chat. Online banking customers can purchase products and commission services, while new customers are transferred to an online proof-of-identity process when buying products.</p>		
G4-S03	Percentage of operations assessed for risks related to corruption and risks identified	10	<u>16</u>
	<p>Potential compliance risks are assessed and mitigated on the basis of a risk analysis. It is conducted once a year for the</p>		

entire Group, covering all Group companies, branch offices and other affiliated or dependent enterprises in Germany or abroad that are considered to be relevant to compliance. The analysis also encompasses fraud risk – including corruption – and evaluates the units’ activities for monitoring such risk. The Bank regularly reviews the preventive measures derived from the risk analysis and supplements them if necessary.

In 2016, Commerzbank established a Financial Crime unit that analyses incidents of relevance to global compliance (particularly money laundering, sanctions and corruption). The unit’s findings are included in an ongoing improvement process to adapt preventive measures and rule out future risks to the greatest extent possible. An analysis of the Bank’s business partners and service providers was performed in 2016 using Dow Jones data following reports of corruption. It revealed no significant anomalies.

G4-S04	Communication and training on anti-corruption	10	<u>16</u>
<p>The compliance training programme that all employees have to complete every year – from managers to new hires just starting their careers – is one of the cornerstones of fraud prevention. The web-based training (WBT) draws employees’ attention to compliance issues and raises their risk awareness. Corruption is one of the main topics covered by the programme. The target groups for training are derived from the job descriptions in the different units. More than 40,000 employees of the Commerzbank Group regularly receive such training on issues such as fraud and corruption prevention. Through its Global Anti Bribery and Corruption Policy (ABC Policy) approved by the Board of Managing Directors in 2016, the Bank is acting against bribery, the acceptance of advantages and other forms of corruption. It applies both within and outside the company, in relation to trade organisations, public officials and all people who have a relationship with the Bank. Special ABC training was developed to support employees in implementing the new policy. All employees and managers around the world were required to pass this mandatory annual training for the first time in autumn 2016. Business and functional units with heightened risk profiles and individuals at increased risk of bribery and corruption receive additional needs-based training.</p>			
G4-S05	Confirmed incidents of corruption and actions taken	10	<u>16</u>
<p>No cases of corruption are known to have occurred at Commerzbank in 2016. Commerzbank explicitly does not tolerate corruption or other criminal acts by employees. We take a zero-tolerance approach to any offences that are discovered. Any employee who is found verifiably guilty of such offences must bear the consequences under criminal, labour and civil law.</p> <p>In order to protect our customers’ assets as well as those of the Bank, we have implemented extensive measures to prevent, detect and respond appropriately to financial crime. In addition to the introduction of binding rules of conduct (such as rules on accepting and giving gifts) and the performance of reliability</p>			

checks when hiring new employees, a variety of monitoring and control measures have been implemented to protect the Bank and its customers against financial crime. By means of an integrity clause, Commerzbank also contractually requires its partners and service providers to comply with the applicable laws and regulations, including anti-corruption laws.

To detect financial crime, we use internal reports in addition to external information from customers, business partners and other third parties regarding possible criminal activity. We implemented a web-based whistle-blowing platform for this purpose back in 2009.

G4-S06	Total value of political contributions	10	<u>16</u>
	Commerzbank's donation policy provides a clear framework for donations. According to the policy, donations must not be in conflict in particular with Commerzbank's ethical standards of business and conduct, compliance principles (such as the Global Anti-Fraud Policy and the Global Anti-Corruption Policy) or any specifically defined exclusion criteria. Donations that might cause a conflict of interest are to be avoided. Commerzbank forbids donations to recipients such as associations and cults monitored by the Bundesamt für Verfassungsschutz (BfV) and organisations about which the German Central Institute for Social Issues (DZI) has issued a warning. Commerzbank does not give any money to political parties, affiliated institutions or politicians.		
G4-S08	Fines and sanctions for non-compliance with laws and regulations		<u>16</u>
	In the reporting year, Commerzbank was not sentenced to pay any significant fines or sanctioned for violations of the law. Information on ongoing legal proceedings as at the end of 2016 can be found in the <u>Annual Report 2016</u> on pages 120 to 121 and 209.		

Social: Product Responsibility

Nr.	Index	UNGC	SDG
DMA	Product and Service Labeling	1-10	
	Commerzbank provides its customers with complete and accurate information about the opportunities and risks of financial products. We also keep a record of our advisors' meetings with customers. The "Kundenkompass" (ClientCompass) makes it possible to analyse private and business customers' financial and personal circumstances within a few minutes and find solutions tailored specifically to their individual wishes and goals. In addition to the ClientCompass, specialist software called "EVA-Anlageberatung" guides our advisors through customer meetings. This computer application produces a record of the advice provided and sends it to the customer along with all the relevant product information. The customer is able to follow all of the steps in the advisory process on the computer screen.		

Our CobaHyp service offers supplier-independent advice on real estate finance. As part of this service, we use a vast database to compare the conditions offered by 250 banks. By also giving customers the option of signing up to competitors' products directly with us, we offer more than just market transparency.

We measure customer satisfaction among our private customers with the Net Promoter Score (NPS), an internationally recognised standard. Every month, around 12,000 customers are asked in a short telephone interview whether they would recommend their Commerzbank branch to others. We conduct a survey of corporate clients at least once a year to gauge satisfaction with Commerzbank and its products and services. The most recent customer survey took place in October and November 2016 and canvassed some 7,000 companies.

Commerzbank aims to make a contribution towards general financial education, especially at school level, and supports the business@school project, among others. This Boston Consulting Group education initiative seeks to present business issues in a vivid and practical way. It gives sixth-form students the opportunity to deal with business and economics in greater depth over the course of a year. In the 2016/2017 school year, 42 Commerzbank employees volunteered as school advisors. Senior managers also take part voluntarily as judges for the regional heats and European final.

G4-PR3 Principles/ procedures for product and service information and labelling

12

Commerzbank provides its customers with complete and accurate information about the opportunities and risks of financial products. We also keep a record of our advisors' meetings with customers and provide customers with all the relevant product information.

G4-PR5 Results of surveys measuring customer satisfaction

The willingness among private customers to recommend Commerzbank rose again in 2016 and stood at approximately 56 per cent at the end of the year. Every month, the Net Promoter Score, which reflects customers' willingness to recommend the Bank with respect to their branch, was well above the target of 30 per cent. The restructuring of complaint management also helped boost customer satisfaction: branches were given more leeway to resolve complaints, and processes for customers were simplified. This is a way of demonstrating fairness and competence to customers, even on the few occasions they are not satisfied.

In 2016, we managed to keep the already high degree of satisfaction among our corporate clients at a good level. From our clients' perspective, the quality of the advice we provided and the commitment of the relationship managers were our key strengths in the reporting year.

DMA Customer Privacy

The divisional head of GS-OS Physical Security & Data

Protection is responsible for data protection at Commerzbank. Employees of the Data Protection department, who answer to the GS-OS divisional head, monitor compliance with statutory data protection regulations, guidelines and procedural directives. Technical and organisational measures ensure that personal data and customer information is protected in line with statutory requirements. Apart from controlling access to data processing centres, these measures entail:

- Authentication using methods such as passwords and access controls via authorisation systems
- Control of data transfer through means such as encryption of the data transfer platforms
- Input control by logging instances of access to data
- Order control by monitoring and managing contractors as part of outsourcing agreements
- Controlling availability through business continuity management measures
- Ensuring separation of data by storing databases for different purposes separately

The EU General Data Protection Regulation becomes enforceable from May 2018, which will be accompanied by amendments to national laws. Commerzbank is implementing these new provisions as part of a project whose aim is compliance with the amended data protection regulations.

G4-PR8	Substantiated complaints regarding breaches of customer privacy	<u>16</u>
---------------	--	-----------

In 2016, 104 complaints were submitted in relation to the protection of customer data. In proportion to the 17.5 million private and small-business customers, as well as more than 60,000 corporate clients, this is an extremely low rate. We nonetheless put great effort into resolving each individual case. Most instances involved claims that such data had been used without authorisation or that third parties had gained knowledge of it. Of the complaints submitted, around 70 per cent were categorised as well-founded. Some complaints were submitted by the data protection regulatory authorities.

G4-PR9	Significant fines concerning the provision and use of products and services	<u>16</u>
---------------	--	-----------

In the reporting year, Commerzbank was not sentenced to pay any significant fines. Information on ongoing legal proceedings as at the end of 2016 can be found in the [Annual Report 2016](#) on pages 120 - 121 and 209.

DMA	Management approach: Product portfolio	
------------	---	--

The growing significance of sustainability means numerous opportunities for us as a bank. The energy transition in Germany and CO2 reduction targets call for new technologies and products that require large investments. At the same time, interest in sustainable investment opportunities is growing. We are therefore developing products and services that meet the changing demand for funding, new prospects for returns and customer needs while providing social or environmental benefits at the same time.

The tasks of Reputational Risk Management include checking transactions, products and customer relationships where sustainability aspects are particularly important. Sustainability risks of particular relevance to our business have been addressed in specific guidelines. In addition, we have adopted official positions on controversial business areas. The exact wording of these positions and directives can be found on Commerzbank's [sustainability website](#). We focus on ethically, socially and ecologically sensitive topics, such as armaments, energy production and the exploitation of raw materials. In doing so, Reputational Risk Management determines conditions and guidelines for Commerzbank's business activities by formulating requirements and rejecting certain business opportunities or customer relationships that are not compatible with our understanding of corporate responsibility. In 2016, the department assessed some 6,200 transactions, products and customer relationships in which sustainability considerations played a key role (2015: 5,400).

Checks for reputational risk are performed not only when concluding new business transactions, but also when approving extensions or in light of certain events. Reputational Risk Management is a department within the Group Communications division and is therefore the responsibility of the Chairman of the Board of Managing Directors. The Board of Managing Directors adopted a new coal guideline in the reporting year. It covers the key elements of the process chain, from coal extraction to coal-fired electricity generation at power plants, and rules out the possibility of financing for new coal-fired power plants and new coal mines. With this new guideline, we are facing up to our responsibility in dealing with climate change. At the same time, we continue to assist our clients with their strategic deliberations in order to successfully meet the particular challenges of the energy sector. Further information on the new coal guideline can be found on page 15 of the [Corporate Responsibility Magazine 2017](#).

The rating of our corporate clients is also a statement about the sustainability of their business development. Furthermore, environmental risk is a subject of loan assessment. Experts from outside the Bank are involved in the decision-making process on a case-by-case basis to help obtain a fair assessment of the risks if environmental aspects are of major significance for a given corporation. Around 90 per cent of our cash-flow-oriented project finance and structured finance is transacted in Europe. In these cases, we carry out due diligence to ensure that national environmental regulations are observed. Only in exceptional cases does Commerzbank finance projects in developing countries. If we do finance such projects, we work with either supranational bodies, such as the International Finance Corporation (IFC), or national export credit insurance agencies. As a result, the standards of the supranational institutions or national export credit insurance agencies (OECD Common Approaches) automatically apply.

Commerzbank realises that banks can exert influence beyond their own organisations where sustainability is concerned, which is why it actively addresses sustainability issues with its corporate clients, for example as part of its membership in the Bremen Cotton Exchange or the Roundtable on Sustainable

Palm Oil. We do so as the need arises to clear up grey areas bilaterally or to coordinate the conditions for banking services. As part of the Energiewende@Commerzbank project, we provide interested SME corporate clients with certified advice on energy, in cooperation with various bodies of TÜV, as well as finance for their investments using public funds. We also use the [sustainable procurement standard](#) to raise our suppliers' awareness for social and environmental issues.

[Requests for assessments](#) (PDF, 34 kB)

G4-FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector	<u>1</u>
<p>As part of the Commerzbank 4.0 strategy, the Bank established new customer segments in October 2016. The Private and Small-Business Customer segment now encompasses and serves private customers, high-net-worth wealth management customers and small-business customers with annual sales of up to 15 million euros. The comdirect Group, Commerz Real and the mBank Group are also considered part of this segment. The more than 12 million private customers have access to approximately 1,000 branches, which makes it one of the densest branch networks among private banks in Germany.</p> <p>The former Mittelstandsbank and Corporates & Markets segments have been included in the Corporate Clients segment since October 2016. This segment pools SMEs and large clients in Germany with sales of more than 15 million euros and the corresponding product requirements. It also includes the International Corporates division, which serves corporate clients based outside Germany, large German multinationals and international insurance companies. The third division in the Corporate Clients segment – namely, Financial Institutions – focuses on the relationship to credit institutions and central banks both inside and outside Germany. The overwhelming majority of total lending to our clients in the Corporate Clients segment is posted in Germany. The rest is primarily attributable to Western Europe as well as Asia and Eastern Europe. The new segment structure means that a detailed presentation of product usage is not possible for 2016, but plans call for providing this information again for 2017.</p> <p>Product usage private customers (PDF, 17 kB) Product usage wealth management (PDF, 17 kB) Product usage business customers (PDF, 17 kB)</p>		
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	1-6 <u>1</u> , <u>11</u>
<p>It is not easy to clearly separate products and services designed to deliver a specific social benefit from other products and services because the social benefit depends largely on the customer's motives for buying the product or service, which are beyond the scope of any analysis that Commerzbank is capable of performing. Nevertheless, the Bank does have a range of products and services, particularly in the Private Customers segment, that feature a social benefit component. They include,</p>		

in particular, residential property and pension products. Commerzbank's gross home loan business totalled around 2.4 billion euros in 2016. Long-term interest rate hedging in terms of home loans and modernisation measures have come into focus against the backdrop of the low interest environment, while personal pension products and insurance against life risks have remained key advisory matters for customers. In the insurance business, agreements on Riester products and basic pension covers worth a total of around 260 million euros were signed in the reporting year. Commerzbank's portfolio targeting precautions that customers can take include products for risk protection, such as term life insurance and disability insurance, as well as additional products for establishing a pension provision plan (private pension). Demand is mainly for security-oriented provision plans in investments.

The Commerzbank Global Equities – Catholic Values fund allows investors to participate in the performance of an international equity portfolio with an investment strategy based on the sustainability criteria of the Roman Catholic Church. The basis of this portfolio comprises more than 700 stocks from the Morgan Stanley Capital International (MSCI) World Index, which are included in the Catholic Value Custom Index.

For quite some time now, foundations and churches have no longer been the only ones interested in sustainably investing their money. Private investors also increasingly expect the companies they invest in to act in an ethical and environmentally conscious manner. Since autumn 2016, Commerzbank has therefore offered its private customers a sustainability-based portfolio management service starting with assets of 500,000 euros or higher. The sustainability-based portfolio management service additionally applies social, environmental and ethical standards to portfolio composition. Commerzbank mainly invests in individual securities of companies that oekom research has named "best in class", meaning they are among the most sustainable in their sector in terms of environmental and social considerations. By the end of 2016, investors had entrusted Commerzbank with some 56 million euros for this type of portfolio management.

We also offer other sustainable investments through strategic partnerships with selected investment companies. These include direct stakes, bonds and stock or pension funds in socio-ecological areas – such as climate protection, solar and wind energy – or targeted investments in industries that exclude controversial products, such as tobacco and arms.

G4-FS8

Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose

7-9

The 2-degree target agreed on at the Climate Change Conference in Paris poses major challenges for the international community. Under the banner of "green finance", actors from the fields of science and academia, business and politics are joining forces in numerous national and international projects to shape banking of the future. Commerzbank is involved in various initiatives. Since 2016, for example, it has been a

member of the Sustainable Trade working group of the International Chamber of Commerce as well as the Green Finance working group at the Institute of International Finance.

Commerzbank is no stranger to green finance, as it has been playing a crucial role since as early as the mid-1980s, in particular by financing renewable energy projects. In 2016, the loan portfolio of its Competence Centre Energy totalled around 5 billion euros, compared with 5.1 billion euros the previous year. Commerzbank has financed approximately 16 per cent of the total wind power generated in Germany. In the reporting year, the arranging capacity stood at approximately 600 million euros in the Competence Centre's core business, namely the financing of wind farms and solar parks.

Altogether, the wind turbines, solar installations and bio-energy systems funded by Commerzbank up to the end of 2016 helped to avoid annual emissions of 13 million tonnes of CO₂. This corresponds to about 9 per cent of all CO₂ emissions saved in Germany in the reporting year by using electricity from renewable sources.

Green bonds are another example of linking the bank's core business with climate protection. The proceeds from green bonds go towards financing projects with a clear sustainability focus, such as renewable energy or energy efficiency projects. In 2016, Commerzbank assisted five issuers in preparing relevant transactions and their placement on the international capital market. The total volume of these bonds stood at nearly 5.2 billion euros.

Commerzbank is also one of the leading players in emissions trading in Europe. It has been a member of the World Bank's Carbon Pricing Leadership Coalition (CPLC) since 2015. The purpose of coming together in this way is to put a price on carbon emissions globally that reflects the cost of the damage caused by greenhouse gases – and thereby create incentives for reducing carbon emissions. Numerous governments, non-governmental organisations and companies are joining forces to support this aim. The German Federal Government also climbed on board with the CPLC in 2015.

In 2016, the international non-profit organisation CDP named Commerzbank the Sector Leader Financials in the Germany/Austria/Switzerland region for the second time in a row for the Bank's efforts to stop climate change in its core business activities as well as in-house operations. Overall, the Bank received a score of A-, putting it among the top 15 per cent in its sector.

[Financing of renewable energies by technology](#) (PDF, 34 kB)

DMA

Audit

Reputational risk management is part of our overall risk strategy and is subject to regular internal and external checks, such as those conducted by the internal audit function and auditors, as well as by national and international regulatory

	authorities.		
DMA	Asset management		
	<p>Commerzbank has so far had no voting policies on environmental or social issues for companies in its investment portfolio because such matters form part of the core responsibilities of the senior management of the company concerned and are therefore not normally submitted to the Annual General Meeting unless this is specifically demanded by the Board of Managing Directors (see also Art. 119 of the German Stock Corporation Act [AktG]).</p>		
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	1-10	<u>10</u>
	<p>All of Commerzbank's investment recommendations are run through a "sustainability filter" to ensure that we do not invest in companies that violate the generally accepted principles of the United Nations.</p> <p>At the beginning of 2016, Commerzbank also included the <u>sustainability assessment of oekom</u> research in its equity ratings for private customers. As this information is available on Commerzbank's online banking platform as well, we are unable to determine how many customers use it in making their investment decisions and what the percentage of assets screened using sustainability criteria is.</p> <p>Commerzbank ceased proprietary trading in its investment banking activities in 2004, which means that there is no explicit ESG audit for the Bank's own investments, which consist solely of those for liquidity reserves in accordance with Basel 3. As intended by lawmakers, the focus is on the high degree of bonds' market liquidity. We therefore invest only in bonds from central governments (e.g. federal bonds) and regional states (e.g. German federal states), agencies (e.g. KfW, ESM, EFSF, EIB, etc.) and in covered bonds.</p>		

[Download](#) (PDF, 388 kB)

- [Back to sustainability website](#)

© 2004-2017 Commerzbank AG D-60261 Frankfurt am Main 07-25-2017