Definition of Evaluation Components for Key Processes based on the COSO Model (Enterprise Risk Management)

Evaluation Components (where applicable, covered in extracts in the course of the audit):

Components	Definitions	Key Elements
Environment	The internal environment characterises culture and ethical values of an organisation. Organisational structure, especially reporting lines, and powers & authorities as well as staff qualification and personnel management are evaluated. It encompasses formal requirements with regard to the written framework and the evaluation of compliance with external requirements.	▪ Philosophy & Ethics ▪ Internal Supervisory ▪ Organisational Structure ▪ Powers & Authorities ▪ Professional Qualification & Personnel ▪ Written Framework ▪ External Requirements
Objective Setting	A strategic framework is necessary providing consistent, transparent and comprehensible goals. Based on this framework, operative targets should be defined to facilitate the steering of the organisation. These targets should be achievable given the risk appetite as well as other general conditions.	▪ Strategic Framework ▪ Operative Targets ▪ Strategic & Operative Feasibility
Managing Risk	To ensure an adequate process design internal and external events affecting achievement of an entity's objectives must be identified and distinguished between risks and opportunities. In order to enable effective risk steering, risks are analysed and evaluated, considering likelihood and impact. Based on this and the entity's objectives, the risk tolerance and the risk appetite, adequate processes are developed and implemented.	▪ Identification Process ▪ Assessment and Measurement Process ▪ Response Process and Measures
Control Activities	Defined processes have to be adhered to. In addition, con-trols need to be developed and performed to ensure compliance with the defined processes.	▪ Assessment of Internal Control Design ▪ Performance of Internal Controls
Information & Communication	Relevant information is processed timely, communicated and if necessary escalated using appropriate channels. This encompasses internal communication of organisational and process related issues enabling process owners to carry out their responsibilities. Effective communication also occurs bi-directional and within the different levels of the entity's organisation. External Communication includes presentation of internal information to stakeholders outside of Commerzbank Group.	▪ Internal Information, Communication & Escalation ▪ External Communication
Monitoring	Monitoring is covered by the activities of the Internal Audit function. Evaluation is performed by means of a quality-assurance and quality-improvement program that encompasses all aspects of auditing work and ensures the continuous monitoring of its effectiveness.	▪ Internal Audit Basics ▪ Performance of the Internal Audit Engagement ▪ Internal Audit Staffing ▪ Additional Activities