



**Commerce
Bancshares, Inc.**

2022

Focusing on what matters most.

Environmental, Social and Governance Report

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Letter from our CEO



For nearly 160 years, Commerce has been dedicated to serving our customers, team members, communities, and shareholders by prioritizing what matters most to them. I'm proud to share our latest Environmental, Social and Governance (ESG) report which reflects our unwavering commitment to creating a sustainable and inclusively prosperous future. Our dedication to advancing these priorities remains steadfast, as we continue to make strides in strengthening our ESG performance.

We have worked diligently to build on past efforts, channeling resources into areas requiring improvement and fostering growth in areas generating momentum. This year's report is a testament to the collective effort of our entire organization as we work to impact positively the world around us.

Throughout this report, you'll see the results of our efforts in several key areas, including community, customer and team member engagement; corporate governance; environmental sustainability; and diversity, equity and inclusion. We've captured specific progress from the past year with data and metrics that quantify the impact of our ESG initiatives, including our work in the following areas:

- We are dedicated to helping the **communities** we serve to grow and thrive. Not only do we provide financial support in the form of charitable contributions, we also take a hands-on leadership role in driving initiatives on important community needs and priorities.
- For our **customers**, we work to provide innovative technologies, enhance digital applications, and empower our customers with more flexibility to manage their finances and achieve their financial goals.

- Our **team members and culture** drive our results, and we continued to invest in both areas during this past year. Our engagement and enablement scores significantly exceed U.S. High Performing Company benchmarks, a testament to our strong teamwork and culture.
- We strengthened **governance** throughout the organization and enhanced our disclosures and reporting, including updates to our website to share our progress on ESG initiatives. As always, we maintain strong governance practices to ensure our strategies, operations and decision-making align with our principles as a trustworthy company.
- We continue practices that are considerate of the **environment**, designed to minimize our carbon footprint and create a more cost-effective and efficient business. We are actively engaged in establishing and implementing disclosure-related plans and processes in anticipation of the passage of ESG-related rules and regulations.
- Our **Diversity, Equity and Inclusion (DEI)** initiative focuses on advancing our efforts against four key pillars: our customers, our communities, our internal workplace and our suppliers. To reflect the vital role and relevance of this initiative, we have evolved our reporting over the past year to include our progress in a dedicated section of this report.

We are encouraged by the progress we have made over the past year, yet we understand this is just one step in our ongoing journey. We will continue to prioritize initiatives and activities that contribute to the betterment of our communities and look forward to fostering a brighter, more sustainable future.



John W. Kemper

President and Chief Executive Officer
Commerce Bancshares, Inc.

Working as a team for you

About Us

At Commerce, we know life's best moments can come with financial challenges. Our mission? To take the time to understand our customers' financial challenges and accept them as our own. For nearly 160 years, we've provided individuals, businesses and communities with the innovative solutions and personal attention they need to achieve the goals that matter to them. We provide both the high-touch personal service and innovative solutions our customers want — to allow them to bank when, where and how they prefer.

What We Offer

Consumer Banking

Commerce Bank's consumer banking segment serves more than 812,000 households with 148 full-service branches and 293 ATM locations in its retail network, along with online and mobile banking. The bank's consumer services include checking, savings, installment loans, personal mortgages, and debit and credit cards.

Commercial Banking

Commerce Bank serves more than 13,000 customers nationally through its commercial banking and payments solutions. The bank's commercial services include corporate lending, merchant and commercial card products, payments and treasury solutions, leasing and international services, as well as business and government deposit, investment and cash management.

Wealth Management

Commerce Bank provides investment management, financial planning, trust and private banking services to individuals and institutions through Commerce Trust, a division of Commerce Bank, in addition to Commerce Family Office, an operating unit of Commerce Trust. Commerce also offers brokerage services through Commerce Financial Advisors, the retail brokerage and investment advisory division of Commerce Brokerage Services, Inc., a subsidiary of Commerce Bank.

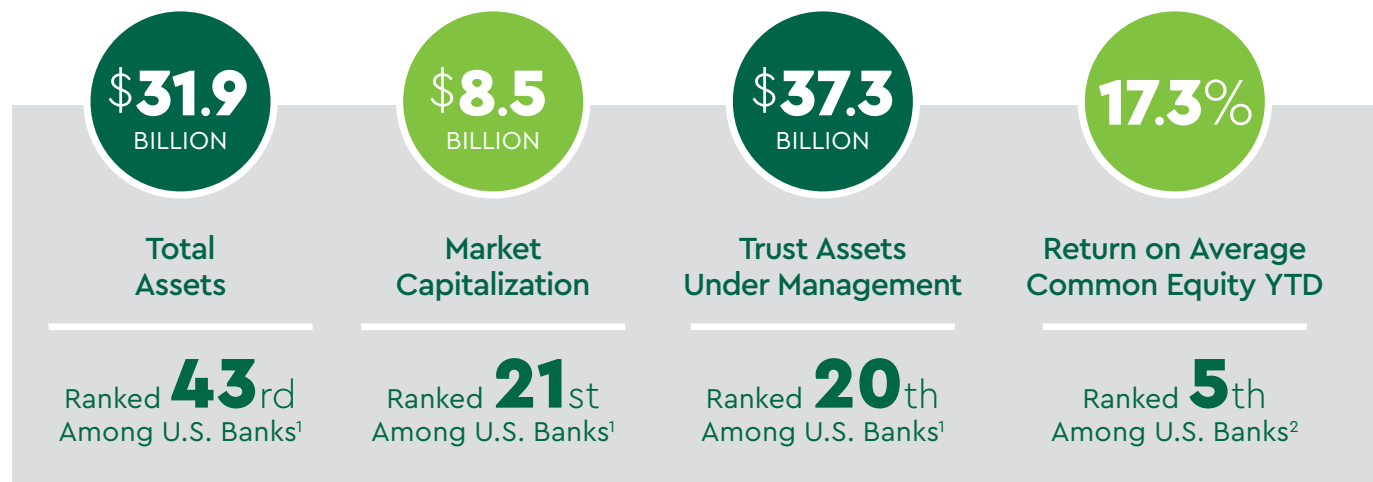
Corporate overview

Commerce Bancshares, Inc. (NASDAQ: CBSH) is a regional bank holding company offering a full line of banking loan and deposit services, including payments solutions, investment management and securities brokerage.

Commerce Bank is a subsidiary of the Company, Commerce Bancshares, Inc., and leverages nearly 160 years of proven strength and experience to help individuals and businesses solve financial challenges. In addition to offering payments solutions across the U.S., Commerce Bank currently operates full-service banking facilities across the Midwest, including the St. Louis and Kansas City metropolitan areas, Springfield, Central Missouri, Central Illinois, Wichita, Tulsa, Oklahoma City and Denver. It also maintains commercial offices in Dallas, Houston, Cincinnati, Nashville, Des Moines, Indianapolis and Grand Rapids. Commerce delivers high-touch service and sophisticated financial solutions at regional branches, commercial offices and ATMs and through online, mobile and a 24/7 customer service line.

Sources: S&P Global Market Intelligence, and company reports and filings as of December 31, 2022

- 1 Regulated U.S. depositories, which includes commercial banks, bank holding companies and credit unions, as of December 31, 2022
- 2 Based on the top 50 publicly traded U.S. banks by total assets, as of December 31, 2022
- 3 Commerce is 1 of 5 U.S. banks with a Moody's rating of a1 or better, "Moody's U.S. Bank Rankings", November 18, 2022



Total Deposits



Total Loans



Baseline Credit Assessment³



Full-Time Equivalent Employees

FULL-SERVICE BANKING FOOTPRINT

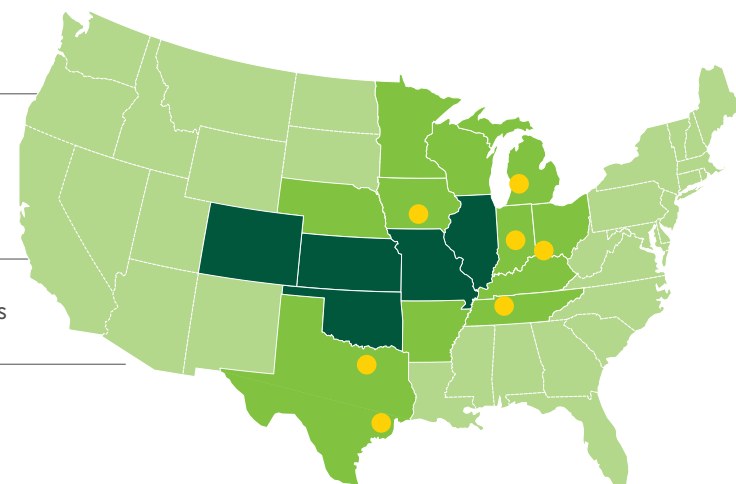
148 full-service branches and 293 ATMs
St. Louis • Kansas City • Springfield
Central Missouri • Central Illinois • Tulsa
Oklahoma City • Wichita • Denver

COMMERCIAL OFFICES

Cincinnati • Nashville • Dallas • Houston
Des Moines • Indianapolis • Grand Rapids

U.S. PRESENCE

- Extended Commercial Market Area
- Commercial Payments Services Offered in 48 states across the U.S.



How we do business

Mission Statement

We take the time to understand our customers' financial challenges and accept them as our own. We do this by getting to know our customers and providing sophisticated advice along with capital and industry-leading solutions personalized for them.

Purpose

We help our customers focus on what matters most. Nearly 160 years of working with our customers has taught us that life is complex, and the best moments in life come with financial challenges. We help our customers plan for the big stuff as well as handle life's surprises — so they can get back to what matters most. Challenge Accepted.®

Our Values

- **Take a long-term view:** At Commerce, we look beyond short-term gain and invest in our people, products and technology for the long term.
- **We collaborate as one team:** We see diversity, equity and inclusion as an imperative and seize opportunities to build teams that reflect the communities we serve.
- **We act with integrity:** We are committed to doing what's right, not just what's most profitable. We adhere to high standards of governance and ethics.
- **We are customer-focused:** We build long-term, valuable relationships with our customers.
- **We strive for excellence:** We continuously measure and improve our performance.

Our Promise to our Stakeholders

We're a bank you can trust to do the right thing for our customers, our team members, our shareholders and the communities we serve.



Customers

We will invest the time to understand your needs, aspirations and challenges. With our knowledge and experience, we will offer personalized solutions, fresh ideas and innovative technology.



Team Members

We will remain true to our core values as we foster a culture our team will be proud of, and a workplace where teammates can be their authentic selves. We will invest in our team, and the communities where they live.



Shareholders

We will take a long-term view to build a socially responsible franchise that will deliver superior risk-adjusted returns throughout the economic cycle.

Our commitment to our stakeholders



At Commerce, we believe our success is defined not only by our ability to help people meet their financial challenges, but also by the mark we leave on the world at large. As a socially responsible corporate citizen, we continuously seek opportunities to make a difference. We're committed to furthering initiatives that serve our customers, strengthen our communities, and support a healthy environment. Our work in these areas is guided by our mission, our purpose and our values.

About this report

It's important to us that we follow through on our corporate social responsibility (CSR) commitments to generate meaningful impact. Each year we conduct a review of our CSR efforts. We then leverage Environmental, Social and Governance (ESG) best practices to publish an ESG report about the results and progress of our initiatives.

The 2022 Environmental, Social and Governance Report builds upon the Commerce Bancshares' 2022 Annual Report to shareholders. The ESG Report assesses the results of our efforts in several key areas: community, customer and team member engagement; corporate governance; environmental sustainability; and diversity, equity, and inclusion. It captures specific progress we've made in the past year as well as data and metrics to help quantify the value of our ESG initiatives.

Stakeholder engagement

We maintain an array of channels to continuously engage our stakeholders, including our customers, team members, community members and investors. We believe it is important to continually gather their feedback, which helps inform our business practices and approach to key issues related to our business, industry and communities.

Helpful links

- [Annual Report](#)
- [Proxy](#)
- [Corporate Social Responsibility](#)
- [ESG](#)
- [Community Reinvestment Act \(CRA\) Public Evaluation](#)
- [Diversity, Equity and Inclusion](#)
- [Corporate Governance](#)
- [Code of Ethics](#)
- [Security Overview](#)
- [Privacy Statement](#)

For more information, visit commercebank.com

Awards and recognition



Forbes
**Best Banks in
America**
13 consecutive years



Forbes
**America's
Best Midsize
Employers**
5 consecutive years



Forbes
**World's
Best Banks**
4 consecutive years



Newsweek
**Best Customer
Service**
America's Best
Banks list 2022



Forbes
**America's
Best Banks in
Each State:
Kansas**



*Community
Reinvestment Act*
**Outstanding
Rating**
26 consecutive years



*Human Rights
Campaign*
**Corporate
Equality Index
(CEI) score of 90**

2022 Highlights



\$1.9 million in philanthropic investment

by Commerce Bancshares Foundation



\$1.3 billion in community development lending



100% Team Members

completed required Code of Ethics Training in 2022



89% Customer Relationship Score



530 nonprofit organizations

supported by Commerce team members



606+ metric tons

of paper shredded and recycled

Team Member Survey Results



81% Engagement



80% Enablement



82% Sense of Belonging

Diversity Among Team Members



58% Women



22% People of Color



Building strong communities

Collaborating with our communities

At Commerce, we believe investing in the communities where we live and work is essential for the sustainable well-being of our customers, neighbors and team members. This past year, we continued to build upon our long-standing relationships and forge new connections as we worked alongside community partners. Our team members continued to share their time, energy and talents, providing support and resources in our local communities. Through our philanthropic efforts, we are focused on supporting organizations and causes over the long-term, affirming our commitment as a socially responsible company.

Making a difference through philanthropy

We set a high standard for philanthropy and service in our community. In each of our markets, we work closely with local leaders to intentionally support the needs of the community. Our charitable giving takes many forms, from special event sponsorships to grants from the Commerce Bancshares Foundation, and in-kind contributions.

“

Our approach to philanthropy is not one of a corporation pushing in and saying, 'here's what we want to do.' Instead, we're collaborative with our community partners and ask, 'what is needed and how we can help?'

*Charlotte Kemper Black,
foundation director and
vice president*

We're deeply committed to the communities in which we do business. We want to bring solutions to the challenges facing our communities. The result is communities and businesses that thrive together.

In 2022, the Commerce Bancshares Foundation contributed a total of \$1,889,313 through 710 grant payments to our communities.

Philanthropic investment by Commerce Bancshares Foundation

710
total grants

\$1.9 million
grant payments

While the Commerce Bancshares Foundation makes its impact through philanthropic donations, Commerce is constantly innovating and creating additional opportunities to connect our team members and the community.

Here are some of the organizations the Commerce Bancshares Foundation supported in 2022:

- [UFM Community Learning Center](#) is a creative educational program serving Kansas State University, Manhattan and communities across Kansas.
- [Urban League of Metropolitan St. Louis](#) partnered with Commerce to host a networking and pitch competition for the alumnae of the Women's Business Center to help graduates gain inspiration, build their network and practice their business pitch. Several small business owners pitched their business to peers and community leaders for a chance to win a business grant. Commerce bankers will also host financial education courses for clients of the Women's Business Center to further bolster opportunities for local small business owners.

- [United Way of Greater St. Louis Flood Relief Fund](#) was launched when flash flooding impacted families across the St. Louis region. The fund provided much-needed support to affected households.
- [The Missouri Colleges Fund](#) acquires resources to help educate students in private liberal arts colleges and universities in their network.



Fighting food insecurity in our communities

The organizations we support are a reflection of the daily needs of our community — perhaps none more important than the need to put food on the table.

According to the Urban Institute, more than one in five U.S. adults said they experienced food insecurity in 2022; and nearly one in four adults who have children under 19 in the home reported food insecurity. During the past year, Commerce again worked with national and local organizations to help address the increasing issue of food insecurity within the communities we serve.

- We engaged with national organizations like the United Way and Feeding America, and supported a number of local efforts through funding and volunteering. For example, Commerce team members in Springfield volunteered with Ozark Food Harvest, which provides food to 270 organizations in 28 counties in southwest Missouri, working to repackage food and help with events.

- Commerce and the Commerce Bancshares Foundation worked together to address food insecurity with The Food Bank for Central and Northeast Missouri. This organization serves 32 counties and has the largest territory of Missouri's six food banks. It's also the only one in the state — and one of a few in the nation — to provide food to partner agencies at no charge. Commerce team members in Columbia, Missouri made donations to the Food Bank on behalf of their customers in lieu of sending them holiday gifts. "We include a note to let our customers know, and we've often heard that they're very appreciative of the idea," said Steve Sowers, senior regional director and president, Missouri community markets.

In 2022, we also kicked off a company-wide initiative to #FightHolidayHunger at area food banks in our markets during the holiday season, setting up collection bins for both teammates and customers.

Commerce collected donations of more than 1,500 pounds of food, amounting to hundreds of meals to help feed families across Missouri, Kansas, Illinois, Oklahoma and Colorado. Additionally, Commerce donated \$10,000 to Feeding America, the largest hunger-relief organization in the United States. We're proud to continue our tradition of taking an active role in the communities we serve.

"When we're blessed with opportunities, skills and experiences, we should share them in a way that can improve and enhance the world around us," says Jackie Loya-Torres, manager, CRA and Community Development for Commerce and the bank's liaison to the Harvesters Community Food Network. "Enterprises like Commerce can also bring solutions to the challenges facing communities. The result is communities and businesses that thrive together."



Helping those who need a hand up: supporting refugees in the Midwest

At Commerce, it's our nature to welcome our customers. We humbly extend that same principle to welcome those who are starting a new life in our country.

When evacuated Afghan refugees landed in our communities, we created a series of new initiatives focused on four critical areas where Commerce's capabilities intersected with newly arrived refugees' needs: employment, financial education, banking services and volunteerism.

"We viewed it as critical that we play a role in working with the Afghan refugees who were coming to our markets," said Crystal Avery-Morris, Commerce community development officer. "These refugees were seeking a hand up, not a handout, and we wanted to respond with solutions to fit that need."

In 2022, Commerce introduced the refugee group to the types of banking products, such as prepaid reloadable debit cards, that can help meet their unique financial services needs.

In St. Louis, the bank has partnered for many years with the International Institute and the St. Louis Mosaic Project, two organizations that help immigrants who relocate to the region.

Commerce has similar efforts in place in Kansas City, where it has partnered with Della Lamb Community Services, an organization that helps refugees resettle. Commerce works with Della Lamb to provide financial education to refugees and discuss potential employment opportunities. Together with the Commerce Bancshares Foundation, Commerce has also hosted fundraisers and matched team member donations to the organization.

Commerce developed these programs to help refugees build a strong financial foundation in their new communities. The services help refugees understand how the American banking system works, how to build a budget, how to save money — knowledge that will help them for years to come. The programs can support many incoming immigrants in various ways and will continue to be relevant for a variety of circumstances.

Avery-Morris adds that Commerce is committed to the communities where it does business. "We're only as successful as our communities are," she says. "This effort is just one example of our commitment to helping all our communities be vibrant. It's beneficial for everyone — the refugees, our customers, and our communities."

Volunteering with causes we care about

For us, volunteering isn't just about giving back. It's about consistently showing up as dedicated members of our community. Commerce team members are constantly seeking proactive ways to support their communities.

Each year, Commerce team members are encouraged to utilize their paid Volunteer Day Off to support a local organization of their choosing. Internal groups, including our Employee-led Resource Groups, also organize and publicize opportunities for team members to volunteer. Many Commerce leaders also support local causes by serving as board members for nonprofit organizations.



Identifying the need – Volunteer Fair
Kansas City

The past year marked the first in-person Volunteer Fair since 2019, attended by Commerce team members and more than 18 Kansas City-based nonprofit organizations including Ability KC, Big Brothers Big Sisters, Jewish Vocational Services and others. The fair introduces community organizations to team members and highlights in-person and remote opportunities to allow participants to help in a variety of ways. The Volunteer Fair also featured information from Commerce internal groups including Employee-led Resource Groups.



KC Pet Project

Team members spent time this past year gathering donations of supplies and bags of food for the KC Pet Project, as well as volunteering at the shelter. The Kansas City-based organization cares for more than 15,000 animals a year. They also work to increase the number of homeless pets adopted, promote pet retention and provide pet ownership education throughout the community.



Day of community togetherness

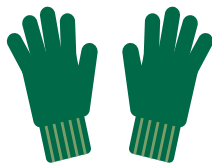
Each year, the city of Mexico, Missouri holds a day of community togetherness and service in honor of Los Angeles Clippers head coach, Tyronn Lue, a hometown hero. During the 6th Annual Tyronn Lue Day of Service, the Commerce — Mexico branch team collected household items for the Audrain County Crisis Intervention Services (ACCIS) which supports life-saving services for those escaping domestic violence, and includes providing emergency shelter, support groups and crisis intervention.

Warm Winter Clothes Drive

This past winter, through the collaborative efforts of Commerce Trust, the Legal Department and the community service committee, our team members organized a drive to collect gloves, hats and scarves for the International Institute in St. Louis. Teammates worked together to collect and deliver the 177 coats, 266 pairs of gloves, 227 hats and 410 pairs of new socks.



410
socks



266
gloves



227
hats



177
coats

Volunteering for future generations

Additionally, Commerce partners with Junior Achievement to teach financial education in schools. We are working with the KC STEM Alliance to close the gender gap in STEM careers by hosting computer coding events for middle and high school girls.

We're grateful to the inspiring individuals, leaders and organizations that enable us to further our commitment to community involvement. Through this work, we're able to realize our purpose of helping our customers, team members, and neighbors focus on what matters most.



Supporting our four-legged friends

In addition to the needs of our community members, the organizations we support are also a reflection of the daily interactions of our team members and our customers. Especially during warm summer months, the "regular" customers who frequent the bank's drive-thru are the furry, four-legged kind, seeking only attention and a dog treat. Being greeted by an excited pup and offering a friendly treat in return is often the highlight of any banker's day. It's for this very reason that many branches keep plenty of dog treats on hand at all times — and the impetus for the second annual #DriveUpPups fundraising effort.

From July 1 through September 30, customers bringing a dog through a Commerce drive-thru lane received a special snack for their four-legged family member and were encouraged to take pictures of their pups in the drive-thru and post them on Instagram with the hashtag #DriveUpPups. For each photo posted, the bank donated \$10 (up to a maximum of \$10,000) to organizations in Commerce markets that benefit dogs and other animals.

KC Pet Project is one of the organizations benefitting from the donations. They care for more than 15,000 animals a year and work to increase homeless pet adoptions and provide pet ownership education in the community.

"Our success depends on the support of our community," said Tori Fugate, KC Pet Project chief communications officer. "Whether it's individuals or corporate support, or even in-kind gifts like dog food or cat litter, those donations keep us going."

In 2022, #DriveUpPups added another layer to the program and collaborated with Bar K, a dog-friendly bar, by offering a card for free entry. Each location in St. Louis and Kansas City has a bar, restaurant and plenty of space for pups to explore.

“

#DriveUpPups is fun for our customers and their dogs, and it helps support organizations that are making our communities even better places for dogs.

Adam Steven,
director of regional
retail banking



Working together to impact change

At the core of our values is the belief that relationships are key to our success, including our work in the community. In 2023, we will continue to build upon the excellent work our team members and community partners have accomplished this year. Ultimately, building and sustaining relationships with the community leads to increased trust, collaboration, and success in achieving common goals. Finding meaningful ways to collaborate and build strong connections within our communities is how we drive real change. Over time, as we see the positive impact emerge from our combined efforts, it only empowers us to do more.





Supporting our customers

Empowering customers through personalized support

No matter the economic environment, our goal as a financial partner is to shoulder our customers' financial challenges by offering knowledgeable guidance and advice, introducing innovative programs and solutions, and making it easier for our customers to connect with us in different ways.

In 2022, Commerce successfully implemented a new core banking application. This accomplishment serves as an exceptional illustration of teamwork, flexibility, creativity and commitment to our customers. The new core solution equips us to adapt to emerging technologies and grow alongside our customers. It facilitates a deeper understanding of our customers, allowing us to bring new products to market more quickly, and positions us for success well into the future.

We're proud to say that because of our efforts to solve pain points and drive innovation, we have maintained our customer satisfaction score of 89% since 2020. Our unwavering commitment to our customers has been acknowledged by *Newsweek*, as they honored our company with the Best Customer Service award for an impressive second year.



89%
Customer
Relationship
Score

4.7
★★★★★
Rating on
Android® & iOS
Platforms

Enhancing the digital banking experience

Enhancing the digital banking experience empowers our customers to perform a wide range of banking tasks — from routine transactions to advanced financial planning — from the comfort of their homes, or on the go. Throughout 2022, we continued to invest in our digital platforms, releasing 20 updates across online and mobile banking to deliver new features and functionality. Customers reap significant benefits from these improvements in terms of convenience, efficiency and security.

We improved our mobile deposit experience and added new self-service capabilities, including internal account-to-account transfers. Continuous investments in advanced security measures ensure that customers can access their accounts confidently. These improvements result in a more seamless, user-centric banking experience that caters to the evolving needs and expectations of today's digital-savvy customers.

We also pay close attention to customer feedback collected through our holistic "Listen, Assess, Tune" (LAT) approach to identify and prioritize enhancements.

Creating meaningful connections with customers

In recent years, the demand for mobile banking apps has surged significantly as customers increasingly seek more convenient and efficient ways to manage their finances. The Commerce Bank CONNECT® mobile app provides customers with a way to make personal connections with our bankers anytime and anywhere, through their smartphone. To date, we have more than 9,300 active customers on the platform. Customers leverage this innovative way to engage with their banker of choice. Their banker can provide education on new solutions, help with problem resolution, and guide them toward their financial goals.

Gathering customer feedback helps us to provide an overall improved customer experience with the Commerce Bank CONNECT® mobile app. Here are several comments we received from a 2022 customer survey:

“

The CONNECT app is
VERY user friendly and
visually easy to read.
Love the new app!



“

I have wonderful
interactions every time
I use this app. I absolutely
love the ease and
convenience.

Enhancing customer liquidity

At Commerce, we understand the struggles that our customers sometimes face when managing their finances. As part of our ongoing commitment to better serve our customers, we implemented a grace period for overdrafts, allowing us to extend a helping hand during life's unpredictable moments. This provides customers with additional time to manage their accounts and rectify any potential overdraft situations. By offering this grace period, we hope to help alleviate immediate financial pressures for our customers, while enhancing their overall experience.

Strengthening customer relationships with a consultative approach

Our role as a trusted advisor is at the heart of all our relationships, building strong connections that benefit everyone involved. It enables open communication, effective collaboration and ensures we work together to achieve mutual goals — while navigating financial challenges and opportunities with confidence.

At Commerce, we implement a consultative, customer-centric approach, addressing every area of a customer's business to provide the most comprehensive support for their overall financial health. By understanding the unique challenges and opportunities in each segment of their business, we can provide tailored advice and solutions, contributing to a customer's long-term success.

By assessing and analyzing a customer's unique business processes, we can provide customized recommendations that best align with their goals and objectives. Whether they're a new or potential customer, we try to understand their business from the inside out. This tailored approach establishes opportunities for our customers to create efficiencies, reduce operational costs and mitigate fraud. By taking the time to analyze and appreciate the intricacies of a customer's business, we are better positioned to offer valuable insights and solutions that will help drive success for their business.

Streamlining claim payments with PreferPay®

There are times when an individual may find themselves in a pinch. Six years ago, we worked with our business customers to develop a program to increase the convenience and speed of payments to customers with and without bank accounts. PreferPay® enables our business customers, like insurance providers and health care companies, to quickly distribute funds to their customers in as little as 30 minutes. Their customers with bank accounts can choose whether their payment will be sent to their debit card, a deposit account or by check. For those customers without bank accounts, PreferPay® can route electronic payments quickly to prepaid debit cards.

Customers have shared stories of the many ways PreferPay® has provided crucial access to funds. If someone faces an emergency and needs support from their insurance company, they can quickly access funds from their claim remotely. To learn more, visit our [website](#).



Learn how our commercial products help our customers:

- [PreferPay®](#)
- [Syndicate Loan](#)
- [CommercePayments® AP Card](#)
- [CommercePayments® Prepaid Expense Cards](#)

1. Americans' Challenges with Health Care Costs, Kaiser Family Foundation, December 14, 2021, kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/



Helping individuals manage healthcare costs with Paytient®

The cost of care often leads people to postpone or forgo necessary treatment as they are forced to choose between their financial and physical wellbeing. This hesitation can lead to more severe and costly health issues in the long run. In fact, research shows half of Americans report avoiding or delaying care due to financial concerns.¹

Sometimes it's not economically feasible to dip into savings to pay a medical bill or for treatment of a beloved pet with an unexpected medical issue. Navigating healthcare is complicated and confusing and consumers' ability to understand it has not kept pace with their increasing responsibility to pay for it. As part of the solution, we have teamed with Paytient to help support individuals' ability to access and pay for healthcare.

Paytient works with employers to offer employees a benefit to help cover their healthcare expenses. Paytient provides a 0% APR line of credit to individual employees so they can pay their healthcare providers the day they receive care. The employee then chooses a repayment plan, so payments can be deducted from future payroll periods. By making cost of care financing easier and

“

Super easy to set up a payment! Just an overall great concept!

“

I love the peace of mind and ease of use! The Paytient app makes it so easy to manage.

“

I like that it comes out of my paycheck so I don't have to think about it.

employee friendly, Paytient shows employees that employers are in touch with their needs.

Commerce's banking experience and national reach has helped Paytient expand the ability to serve customers nationwide. In addition, Commerce has made progress toward developing new, flexible payment options that reflect changing consumer preferences and trends in budgeting as well as their financial well-being.

Through our team member survey conducted in 2022, Commerce continues to see positive feedback from Paytient customers.

Providing an option for clients investing in ESG

A growing number of investors are focused on ESG priorities and reducing non-financial risks in their portfolios. Commerce Trust has built the capacity to design customized portfolios to support clients' values while maintaining competitive investment returns. Upon customer request, we can develop portfolios that address all three areas of ESG or focus on a client's specific areas of interest. To learn more, please visit our [website](#).

Investing in industry innovation with SixThirty Ventures

In 2022, we continued our multi-year relationship with SixThirty Ventures, a global venture firm based in St. Louis that invests in early-stage enterprise technology startups. SixThirty's portfolio and pipeline represents innovative fintech, insurtech, digital health and cybersecurity companies from around the world.

As an investor in SixThirty, we are helping to drive innovation in the financial industry and support projects that can solve emerging challenges for our customers. Commerce is providing hands-on training and mentoring to SixThirty companies. We are also able to help these companies network with leading technology and financial services institutions.

SixThirty actively seeks to increase diversity in the venture capital industry. As of December 2022, 60% of its portfolio companies were founded by women and minorities. SixThirty's dedication in this area aligns well with our own ESG priorities and commitment to Diversity, Equity and Inclusion.

Moving forward together

Our customers will inevitably face ongoing challenges, and we are committed to partnering with them to address any financial obstacles. As we progress through 2023, we will continue refining, strengthening and expanding our digital capabilities and financial offerings so we can provide comprehensive support for their overall financial health.



Helping our team members grow

Investing in our team

We're dedicated to helping our team members focus on what matters most by equipping them with the tools they need to reach their personal and professional goals. We invest in programs that promote an inclusive and engaging environment, encompassing career development and community enrichment. By supporting career growth and a sense of community, we aim to create a welcoming and engaging workplace where team members can be at their best and grow together.

We offer holistic support to our team members by providing competitive benefits, career development initiatives, diversity and inclusion resources, robust training and more.

Once again in 2022, *Forbes* named Commerce to its list of America's Best Midsize Employers — for the fifth consecutive year. This ranking is based on results from a survey where participants are asked if they would recommend their current employer or any other employer. The recognition acknowledges the significant contributions of each team member, which are anchored in the bank's core values and driven by a strong sense of purpose.

Team member benefits

At Commerce, the well-being of team members is a high priority, and our Total Rewards program reflects our commitment to their overall wellness. The benefits provided through this program are designed to attract, motivate and retain the best and brightest talent in the industry. We understand that to support our team members, we must comprehensively support their evolving personal and professional needs and goals. Our Total Rewards strategy is focused on four main components: Physical Well-Being, Financial Well-Being, Emotional Well-Being and Career Development.

To ensure that our Total Rewards program meets team members' needs, we survey yearly to gauge the satisfaction with our offerings. This is an opportunity to understand what our team members are looking for and what matters most to them. In our 2022 annual survey, team members reported 80% satisfaction with our Total Rewards program.

The Total Rewards program is deeply rooted in Commerce's core values. We want all team members to live healthy, balanced lives, with careers that are meaningful to them and access to resources that can help make life outside of work more fulfilling.

Engaging our team members

Commerce does not take its culture for granted. The work we do every day to build and maintain a strong culture at Commerce is a source of pride. With a solid foundation in place, we can build on helping people feel like they belong at Commerce, from interactions with colleagues, to identifying career growth opportunities.

Embracing hybrid work strategies, our team members employed communication tools and adapted workspaces to boost flexibility and foster collaboration. Even with the challenges of working online or in a hybrid way, collaboration has improved in the last three years. Our yearly survey showed that 91% of team members felt comfortable using online/virtual tools to collaborate in 2022.



PHYSICAL WELL-BEING:

- Medical, dental and vision healthcare plans
- Critical illness, accident, and hospital indemnity insurance
- Long-term care insurance
- Paid medical leave
- Virtual support for diabetes management and musculoskeletal conditions
- On-site flu shots
- Healthy Returns tools and programs for healthy living



EMOTIONAL WELL-BEING:

- Paid vacation, sick and personal time off
- Vacation purchase program
- Paid holidays
- Paid parental leave
- Paid volunteer time off
- Flexible work schedules and hybrid work options
- Employee Assistance program
- Commerce in the Community volunteering initiatives
- Care@work premium memberships



FINANCIAL WELL-BEING:

- Base salary and incentives (based on eligibility)
- 401(k) including company match (Traditional and Roth)
- Retirement planning education resources
- Flexible spending accounts and health savings accounts
- Employee, supplemental and dependent life insurance
- Long-term disability
- Family and medical leave
- Healthcare concierge services
- Identity Theft Protection
- Adoption assistance
- Financial education, tools and resources
- One Commerce team referral program
- Commerce Perks discounts on goods and services
- Commerce Bank services discounts
- Paytient®

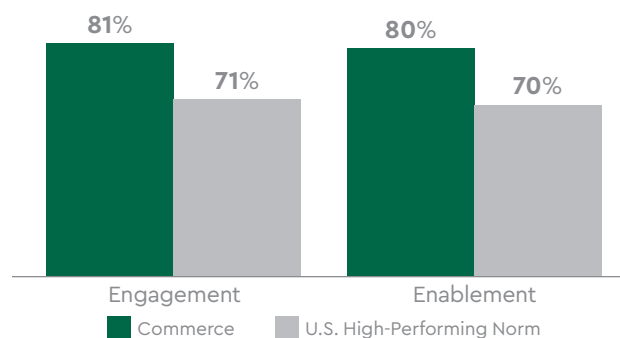


CAREER DEVELOPMENT:

- Education/tuition assistance
- Mentorship and job shadowing opportunities
- Leadership development programs
- Professional development resources
- Employee-led Resource Group opportunities
- Culture Champion Team opportunities
- Discover Commerce series
- Managing at Commerce program

Highly Engaged and Enabled Teams

based on 2022 Team Member Survey by Korn Ferry



Each year, we conduct a team member survey in partnership with Korn Ferry to gauge team members' sense of engagement, enablement and overall satisfaction with their employment at Commerce. According to Korn Ferry, our survey administrator, our engaged and enabled scores are 10 points above the high performing company norm. Our engagement and enablement scores have improved over time, supporting our ongoing progress of shaping a positive culture.

Building and sustaining our team

We are dedicated to ensuring our team members feel appreciated and inspired to pursue their careers with us. We put a range of programs into action designed to help team members move forward in achieving their professional goals, creating a strong network, and advancing in their career path.

ALIGNing around team members' goals

Our performance management process, ALIGN, is structured to assist team members in setting attainable goals and keeping them at the forefront for both team members and their managers. Monthly check-ins with managers are conducted to ensure open communication and to confirm team members are on the right path toward accomplishing their performance targets.

Fostering growth and development at Commerce

With every program, we are intentional and strive to provide resources for all team members based on where they are in their careers and what they aspire to do next. Whether a team member is new to the company or looking to step into management, we want them to feel empowered to progress in their career with us. We have established a robust framework for team members to explore their interests and pursue higher levels of leadership at Commerce.

- SOAR (Sustaining Opportunity Advancement and Retention for Team Members of Color), is a mentoring circle program that was developed by Commerce team members. It helps address the underrepresentation of people of color from officer to executive level across the financial services industry.
- The Ambassador Program pairs new team members with an existing Commerce team member to help them orient to the company.
- Job shadowing allows team members to explore jobs they might be interested in and expand their network by shadowing someone in that role.

- Through the Mentoring Program, team members can find and arrange strong mentorship matches.
- The Aspiring Manager Program helps team members interested in becoming managers explore whether it is right for them. The program includes a thorough information session, self-reflection and next steps to discuss with their manager.
- Journey to Your Inner Manager is a six-month cohort program that helps aspiring managers learn skills, including communication, self-awareness and setting expectations, that will help them be successful as managers.
- The Managing at Commerce Program helps newly promoted managers orient to their new role through training sessions during their first year.
- The Leadership Development Series at Commerce helps managers and team leaders strengthen their leadership skills and continue to grow their career at Commerce Bank.
- The Executive Mentorship Program pairs high-potential team members who are people of color with members of the Executive Management Committee to facilitate professional development.
- Women in Leadership is a 10-month program providing focused development for women at Commerce. The program combines the benefits of individual coaching and the networking and social support of a cohort. Group members participate in events with Commerce executives, develop a tailored individual development plan, receive coaching (along with their manager), and attend learning events. The program ends with a capstone presentation made to Executive Management that is designed to give the women more visibility into their strengths, goals and interests.

Investing in Future Managers

Aspiring Manager Program

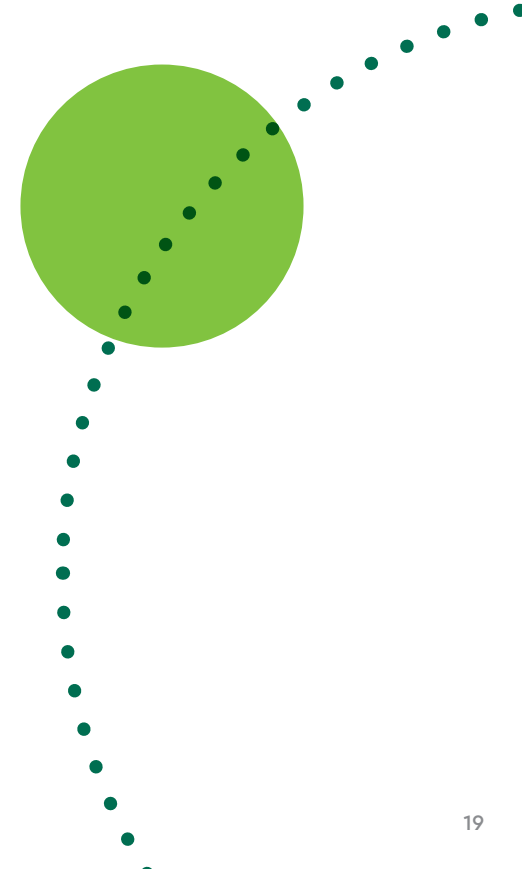
355

attendees to date

Journey to Your Inner Manager

104

attendees to date



Expanding knowledge through continued training

To help our team members continue to grow and develop, we provide additional training and resources on the different areas of our business, our culture, and other priorities. See below for examples of the different topics we offer.

COMMERCIAL

- Commercial Products
- Sales Training
- Sales Coaching
- Credit
- Change Management
- Technology and Systems

CONSUMER

- Retail Product Knowledge
- Sales
- Customer Experience
- Fraud Prevention
- Technology and Systems
- Leadership and Coaching

WEALTH

- Wealth Management Services and Products
- Sales
- Compliance
- Technology and Systems

OTHER TOPICS

- Our Culture
- AGILE Training and Workshops
- Innovation Workshops
- Inclusion and Diversity
- Office 365 Training



Building careers with the Ascend Career Acceleration Program

The Commerce Bank Ascend Program helps recent college graduates and skilled professionals find a promising career at Commerce based on their unique skills and interests. Through the Commerce Bank Ascend Program, participants gain experience in financial services and hone their leadership skills.

The Ascend Program includes the following activities:

- Mentorship
- Learn how to underwrite credit and assess risk
- Rotate through departments and product areas
- Work with and learn from senior leaders
- Learn our sales process and work with customers

Participants in the Ascend Program can explore different areas of the company to assess what department and role might be the best fit for them. Graduates of the program continue to drive results throughout the company.

To learn more, visit our [website](#).

DAP

DEVELOPER
ACCELERATION
PROGRAM

Developing tomorrow's IT leaders

Information Technology (IT) is a crucial part of our business at Commerce, and we're continually looking for our next generation of outstanding IT professionals. That's why we created the Developer Acceleration Program. This full-time program gives individuals experience with multiple technologies, delivery methods and operational functions to accelerate their learning and career growth.

Once a team member completes the first three months of the program, they then move into a 15-month rotational program to learn about our different products, teams and technologies. Every five months, the team member moves to a different working group to give them a comprehensive understanding of Enterprise IT from end to end. The experience is customized, based on the interests and background of the team member. The program gives graduates a solid grounding in our technology systems and a sense of which area they would like to begin their career at Commerce.

To learn more, visit our [website](#).

Team members helping team members

Commerce team members have a demonstrated passion for supporting our customers and communities — and their fellow team members. The Employee 2 Employee Foundation (E2E) was established in 2016 to build a formal process for team members to help one another. E2E aims to support team members who find themselves in a tough spot financially, due to unforeseen events like medical emergencies or natural disasters. E2E is a separate, independent nonprofit entity led by a board of directors with members from a variety of departments across the bank.

The foundation is powered by Commerce team members' and company contributions, and the E2E board reviews applications from team members requesting assistance for themselves or on behalf of a fellow colleague. Since its inception, the E2E Foundation has distributed over \$1 million in support funds to more than 370 employees.



Impact in 2022

Amount Distributed by the
Foundation to Applicants

\$327,398

Number of Team Members
who Received Assistance

96

Dedicated to our team members

Our team members are one of our greatest assets. We are thankful for the hard work and dedication our team members continue to give our customers and communities. Last year we continued to focus on many important efforts to help our team members grow their careers at Commerce and we're fortunate for their involvement in our success.





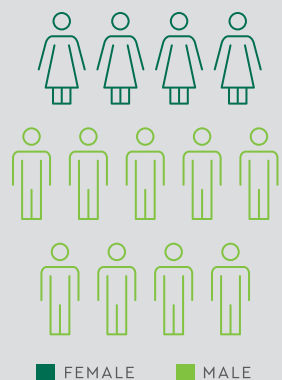
Acting with integrity

At Commerce, one of our core values is to strive for excellence in everything we do, in all facets of our business. We believe that acting with integrity is foundational to creating an ethical approach to all decision-making. With those core values as our moral compass, we're committed to serving our stakeholders — including our communities, customers and team members — in an open, purposeful and meaningful way. We understand that trust and respect are earned, underpinning the guiding principles and daily practices of our company for nearly 160 years.

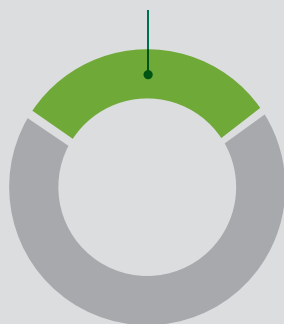
We continued our commitment in 2022 as trustworthy stewards of our company. We are diligently building upon the advancements we've made to maintain our high standards for ethics, compliance and risk management.

We maintain strong governance practices to ensure our daily operations, strategies and decision-making aligns with our principles as a responsible company. The Commerce Bancshares, Inc., Board of Directors (Board) has adopted guidelines on significant corporate governance matters that, together with our Code of Ethics and other policies, create the corporate governance standards for our company.

Our Board of Directors

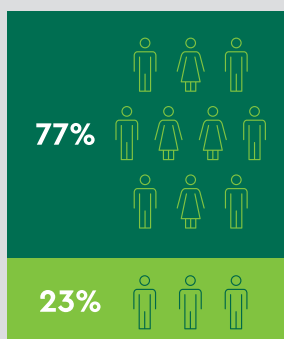


4 MEMBERS



GENDER, RACIAL
AND ETHNIC DIVERSITY

INDEPENDENT



NON-INDEPENDENT

Prioritizing diversity in Board leadership

The Board is comprised of professionals with different backgrounds and professional experiences. The Board believes diversity of perspective is crucial to representing the communities and customers we serve and strengthens our ability to provide long-term value for all our shareholders. Accordingly, Board diversity — including diversity with respect to race, ethnicity, gender, geography and areas of specialty — is an integral component in selecting nominees for Board consideration.

NASDAQ Board Diversity Rule

On August 6, 2021, the Securities and Exchange Commission (SEC) approved NASDAQ's Board Diversity Rule. This rule is a disclosure standard designed to encourage a minimum board diversity objective for companies. It also provides stakeholders with consistent, comparable disclosures concerning a company's current board composition. To see the company's disclosure under the NASDAQ rules, please see our latest [Proxy Statement](#).



Responsibilities of the Board of Commerce Bancshares, Inc. Committees

How we approach compensation

Commerce's compensation philosophy is to provide a total compensation program that is performance-oriented and market-competitive to attract and retain top performers at all levels. We strive to:

- Align compensation of our executive officers with corporate strategic goals and the long-term interests of our shareholders
- Maintain an organization-wide competitive compensation program based on external market data that enables us to recruit and retain top talent
- Be fair and equitable in the administration of our compensation plans
- Communicate compensation packages transparently, effectively and clearly
- Provide reward systems that are credible, consistent with our core values, and appropriately structured, so as not to encourage undue risk
- Reward individuals based on performance rather than based on seniority, tenure or other entitlement

For more information on executive compensation, please see our [Proxy Statement](#).

Maintaining Board oversight

The Board guides and oversees our strategic decision-making and initiatives. To assist with this oversight, the Board has designated several committees, including the Compensation and Human Resources Committee, the Committee on Governance/Directors, and the Audit and Risk Committee. These committees meet regularly and report updates to the Board to help guide our Company's strategic direction.

COMPENSATION & HUMAN RESOURCES

- Establish the Company's general compensation philosophy and oversee the development and implementation of executive and senior management compensation programs
- Review and approve corporate goals and objectives relevant to the compensation of executives and senior management
- Review the performance of executives and senior management
- Determine the appropriate compensation levels for executives and senior management
- Make recommendations to the Board with respect to the Company's incentive plans and equity-based plans
- Oversee regulatory compliance with respect to compensation matters, which includes oversight of the Company's policies on structuring compensation programs to preserve tax deductibility
- Advise and consult with management on succession planning

GOVERNANCE/DIRECTORS

- Evaluate proposed candidates for directorship in the Company
- Evaluate Board performance
- Establish the agenda for the annual meeting of shareholders
- Evaluate the quality of the information and analysis presented to the Board and standing committees
- Assess the independence of Directors
- Evaluate the performance of the Company relative to corporate governance matters

AUDIT & RISK

- Appoint or replace the independent auditor
- Review the performance of the Company's internal audit function and independent auditors
- Monitor the internal control over financial reporting of the Company and review the audits of its financial statements
- Review management's assessment that the credit review system is appropriate
- Evaluate, monitor and oversee the Company's risk management governance structure and risk management framework to ensure appropriate risk identification, measurement and reporting
- Review, approve and monitor the Company's risk appetite and supporting risk tolerance levels
- Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics
- Oversee the Company's progress on Environmental, Social and Governance (ESG) initiatives and activities

You can review the [Compensation and Human Resources Committee Charter](#), [Committee on Governance/Directors Charter](#) and [Audit and Risk Committee Charter](#) on our website.

How we manage risk

Commerce has a long-standing, conservative, risk-averse culture. Our risk culture is aligned with our core values and guiding behaviors, as follows:

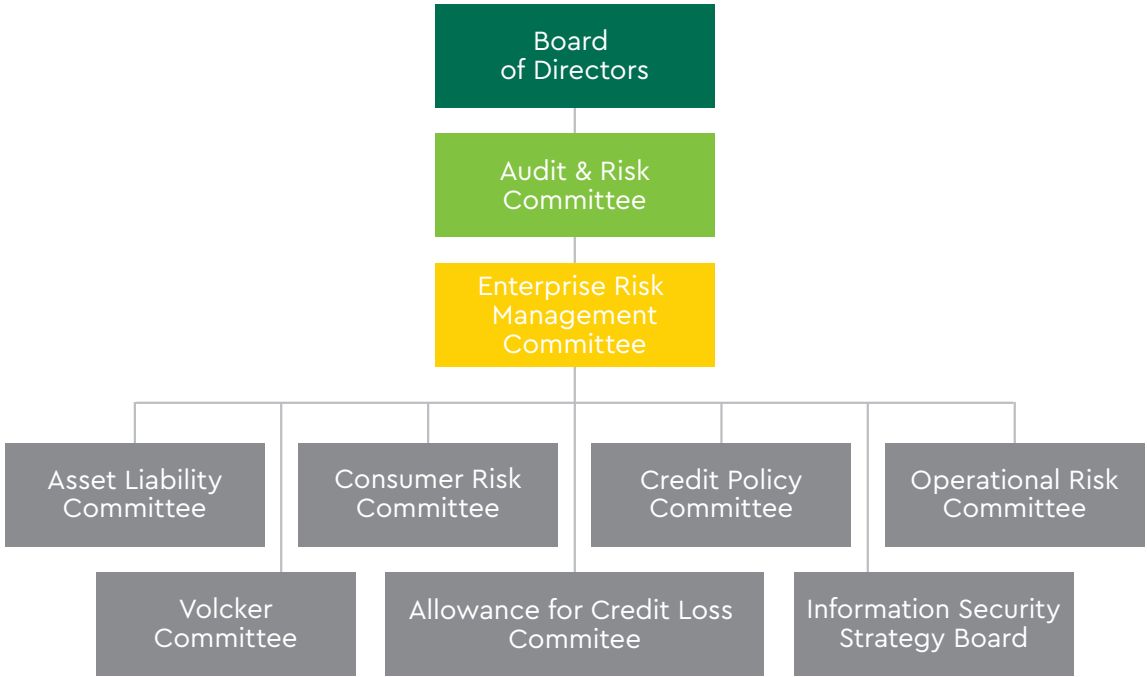
- **We have a long-term view:** we are willing to take measured risks and learn from mistakes.
- **We act with integrity:** we do what is right.
- **We strive for excellence:** we are personally accountable for achieving results. We continuously measure and improve our performance.

In today's banking environment, risk is omnipresent. We acknowledge that in order to continue to thrive, we must identify, measure, monitor and control the entire spectrum of risks we face. These include credit, market

(interest rate), liquidity, operational, compliance, legal, strategic and reputational risks. To accomplish effective risk management, we have developed and actively maintain a strong risk culture. The Board's Audit and Risk Committee has also approved a Risk Management policy that describes a formal governance structure for managing risk.

As part of our governance structure, we maintain a network of specialized management-level risk committees to aid in the identification and monitoring of risk. The Board utilizes this structure to assess risk levels against established risk appetite thresholds. These committees routinely report on risk issues and, along with the chief risk officer and director of internal audit, provide regular updates to the Audit and Risk Committee.

Risk Management Governance Structure



Ensuring three lines of defense

The Board's risk governance structure includes a three lines of defense framework. In this framework, the three lines of defense build upon each other to ensure a comprehensive risk management approach.

- 1

Front-line businesses and supporting organizations maintain ownership and management of risks
- 2

Risk Management teams monitor adequacy and effectiveness of controls at the first line of defense and report to senior management, management committees and the Audit and Risk Committee of the Board
- 3

Audit and other groups responsible for providing independent evaluation conduct internal reviews



Our Policy Management Program

Along with our defined risk governance structure and the three lines of defense framework, Commerce has adopted a Policy Management Program. Our risk management policies help us evaluate and manage the full range of risks arising from the Company's activities. Many of these policies are regularly reviewed and approved by the Audit and Risk Committee while others are overseen by the Enterprise Risk Management Committee or one of the other specialized risk committees. Though not an exhaustive list of the Company's policies, the following relate to our ESG efforts and priorities:

COMMERCE BANCSHARES, INC. POLICIES

- Bank Secrecy Act / Anti-Money Laundering / Office of Foreign Assets Control Policy*
- Business Continuity Management Policy*
- Capital Policy*
- Commerce Trust Policy*
- Commercial Credit Policy*
- Complaint Management Policy
- Compliance Management Program*
- Consumer Lending Policy*
- Corporate Code of Ethics*
- Corporate Information Security Policy*
- Fair Lending Policy*
- Health Insurance Portability and Accountability Act (HIPAA) Policy
- Related Party Transactions Policy*
- Risk Management Policy*
- Third-Party Risk Management Policy*
- Unfair, Deceptive or Abusive Acts or Practices Program Policy

Training team members in risk management

All employees play a part in the effective management of risk, particularly within the scope of their respective roles and responsibilities. Employees complete extensive ongoing training to increase their level of risk awareness. Employees take recurring required training on many of the risk-related policies and other risk topics. Training examples include:

- Corporate Code of Ethics
- Risk Management Overview
- Complaint Management
- Recognizing Security Threats
- Protecting Sensitive Information
- Responsible Banking
- Financial Exploitation of At-Risk Adults
- Fraud Awareness and Prevention
- Social Engineering
- Fighting Identity Theft
- Money Laundering Prevention
- Bank Secrecy Act
- Disbursements Fraud



*Denotes Board-level oversight



Compliance with Consumer Financial Regulations

Compliance Program

Commerce is subject to a number of laws and regulations that extensively govern our relationships with our customers. Commerce maintains a program that is focused on compliance with consumer financial protection laws, rules and regulations and is consistent with our culture of putting our customers at the center of what we do. The Compliance Program is focused on compliance-related policies and procedures, monitoring, training, and consumer complaint response. This program also includes, among other things, processes for risk assessments, regulatory change management, marketing reviews, and a review of new, modified, and existing products and services. The Compliance Program is subject to oversight by the Enterprise Risk Management Committee and the Audit and Risk Committee of the Board of Directors.

Compliance Policies and Procedures

Commerce maintains general compliance policies that address various consumer financial protection laws and regulations such as:

- Equal Credit Opportunity Act
- Fair Credit Reporting Act
- Truth in Lending Act
- Truth in Savings Act
- Electronic Fund Transfer Act
- Expedited Funds Availability Act
- Home Mortgage Disclosure Act
- Fair Housing Act
- Real Estate Settlement Procedures Act
- Fair Debt Collection Practices Act
- Service Members Civil Relief Act
- Laws regarding unfair, deceptive, and abusive acts and practices
- Other laws and regulations related to consumer financial protection

These and other policies are reviewed and approved annually as part of our risk governance committee framework and Policy Management Program referenced here.

Compliance Monitoring

Completing risk assessments helps the Company identify current and emerging compliance risks to prevent and address potential compliance issues. Commerce's control framework consists of a series of controls that are designed to detect and mitigate compliance risks. Commerce performs monitoring, testing, and general review activities related to compliance controls.

Compliance Training

Compliance training for Company employees is mandatory, designed for the size and complexity of our organization, and delivered to team members using a needs-based approach according to employee role. This content is developed and maintained internally and designed specifically for Commerce. An abbreviated list of trainings that are required for employees can be found earlier in this report. These and other courses are required as part of new hire onboarding as well as recurring for existing employees.

Consumer Complaint Response

To ensure all complaints are given prompt, courteous, and fair attention, Commerce has a Complaint Management Program. As part of this program, we collect, review, and appropriately respond to customer complaints. The feedback we receive from customers allows Commerce to review and identify trends and make improvements to our products, services, processes and procedures with a focus on improving the customer experience.

Product Governance

New, modified or expanded products or services have a process for review prior to their implementation, by internal working groups comprised of cross-functional leaders representing impacted business areas, key risk

management functions, and project management. An important component of these reviews is evaluating consumer financial protection laws and regulations that are applicable to the new product, service or modification of an existing product or service.

Marketing Review

Commerce has a centralized marketing review process. Marketing and promotional materials are reviewed by Risk Management and Legal professionals and the reviews include an evaluation of applicable laws and regulations.

Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Program

We have implemented risk-based policies and procedures designed to comply with anti-money laundering (AML) and sanctions regulations established by governmental authorities. These include, but are not limited to, the Bank Secrecy Act (BSA), the USA PATRIOT Act, and international sanctions regulations implemented by the U.S. Department of the Treasury. Commerce is subject to the customer due diligence rules issued by Treasury's Financial Crimes Enforcement Network under the BSA. These rules require financial institutions to maintain programs designed to conduct customer due diligence:

- 1) Identify and verify the identity of our customers
- 2) Identify and verify the identity of the beneficial owners of companies that open accounts with us
- 3) Understand the nature and purpose of the customer relationships to develop customer risk profiles
- 4) Conduct ongoing monitoring to identify and report suspicious transactions, and on a risk basis, to maintain and update customer information

The BSA Officer leads this function and provides regular updates to the Enterprise Risk Management Committee. All employees are required by policy to take annual BSA/AML/OFAC training. Training —

which includes regulatory requirements, policies and operating procedures — emphasizes the importance of BSA reporting requirements and OFAC regulations. In addition, an overview of BSA requirements is given to all new employees as part of our new-hire training. Our BSA/AML program leverages technology to aid in the identification of suspicious and/or illegal activities, including, among others, money laundering, terrorist financing and human trafficking. Our program, including the systems in use to support it, is subject to regular and ongoing oversight by Internal Audit and Model Risk Management and to frequent examinations by state and federal regulators.

Credit Policy Program

Commerce recognizes the risks inherent in our lending practices and that certain portfolios may carry higher levels of risk. The Company's Credit Policy Committee oversees tracking of industry, product and individual borrower concentrations. These concentration limits are designed to create a well-diversified credit portfolio consisting of high-quality loans that are monitored by the Credit Risk Administration team, which reports to the chief credit officer.

Employees within the Commercial, Consumer and Private Client lines of business work alongside Credit Administration to identify and monitor emerging risks in their respective loan portfolios. On a quarterly basis, these teams discuss emerging risks during the Credit Policy Committee meeting. All employees in lending-related functions undergo periodic training on the Company's credit risk appetite, policies and regulations.

As part of our enhanced risk management process for commercial borrowers within certain industries, we utilize industry-specific lending metrics and underwriting teams with subject matter experts who have a broad and thorough understanding of the risks as well as environmental and social impacts of those industries. For consumer lending, we consider a combination of factors to determine a borrower's ability to repay while also ensuring that we provide loan product options that meet the borrower's credit needs.



Three lines of defense for credit risk

Consistent with our Enterprise Risk Management structure, our credit risk management process is built upon three lines of defense. The **first line of defense**, which includes relationship managers and other line of business personnel, owns and manages the risks we face in our day-to-day operations. These include the application of heightened underwriting standards for certain industries, when applicable.

The **second line of defense**, which includes Credit Administration, Credit Officers and Bank Secrecy Act/Anti-Money Laundering (BSA/AML) personnel, assesses risk and oversees the risk-taking activities of the first line of defense. The second line of defense needs to concur with the first line's assessment of risk before a new loan can move forward to approval.

The **third line of defense**, which includes Internal Audit and Credit Review teams, performs independent reviews and assessments of risk management practices of the first and second lines of defense. Our portfolios and processes are examined on a regular basis to ensure compliance with existing loan and monitoring policies. In the event that the third line of defense determines that an action plan must be established to mitigate an identified risk or operational issue, the first and second lines of defense, as appropriate, are tasked with developing and executing the plan within a given timeframe. The third line of defense monitors and audits the actions taken to ensure the risk has been appropriately mitigated. We are also reviewed by state and federal regulators on an annual basis.

Mitigating environmental risk

For over 10 years, our real estate appraisal team has maintained a targeted focus on environmental impact and liabilities according to our risk management policies. Each new real estate project, whether it is our customer's or our own, is subject to a thorough assessment of environmental risks. The team structures the depth of the assessment according to the level of risk. This due diligence aids the Company in underwriting

transactions and helps customers to be aware of potential environmental liabilities that may compromise their business goals. The group also reviews corporate projects for environmental risks in consideration of the health and safety of our customers, team members and the communities in which we operate.

Maintaining a high standard for ethics and compliance

We are committed to the highest standards of ethical and professional conduct for all Commerce team members, officers and directors. We believe governance is a shared responsibility and that we all have a role in protecting sensitive information, maintaining ethical practices, and complying with laws and regulations. In 2022, 100% of our team members completed mandatory annual training on the Corporate Code of Ethics.



ANONYMOUS TIP LINE

The anonymous tip line is a dedicated phone line that provides team members a confidential avenue and allows them to remain anonymous when reporting a matter. A tip can be reported 24/7 through a toll-free phone number or online. An independent organization staffs the anonymous tip line with specially trained representatives to document team member matters and relay the information to Commerce management.

Anonymous tip line

Team members are encouraged to report any unethical, illegal or unsafe behavior through our secure, anonymous 24-hour phone line maintained by a third-party vendor.

Providing quality, ethical service to our customers is the highest priority at Commerce. Any fraud, abuse of, or discrimination against customers is unacceptable. Our expectation is that every team member is part of a team effort to look for and prevent inappropriate customer treatment. Commerce wants, and encourages, team members to question and report any concerns with Company policies or actions by staff that they believe are, or could be, improper. We provide multiple channels for team members to raise such concerns. Team members may contact management or report concerns using the anonymous tip line.

Anti-discrimination and anti-harassment

At Commerce, we recognize the importance of maintaining an environment that is free from unlawful discrimination and harassment. We uphold our responsibility to ensure that Commerce team members are not subjected to unlawful discrimination and/or harassment in any term or condition of employment on the basis of a protected status. We define a protected status as race, color, ancestry, ethnicity, gender, gender identity, gender expression, sex, sexual orientation, disability (including physical or mental condition), age, veteran status, military status, national origin, religion, pregnancy status, genetic information or any other status protected by applicable federal, state or local law. Our goal is to ensure that conduct never reaches the level of unlawful behavior. Accordingly, Commerce prohibits conduct that is inconsistent with our values, whether that conduct violates the law or not.

Commerce prohibits any unwelcome verbal or physical conduct that maligns or shows hostility or aversion toward a team member because of their protected status. This prohibition applies to all individuals who work for or with Commerce, including officers,

managers, supervisors, team members, clients, customers, vendors or suppliers.

We believe every Commerce team member is responsible for preventing harassment and discrimination and upholding our values. All Commerce employees are therefore required to complete Anti-Discrimination and Anti-Harassment training on an annual basis. We also provide training on our culture and values for new and existing team members.

Any team member who has a question, concern, or complaint of discrimination or harassment based on a protected status is encouraged to bring the matter to the immediate attention of their management team, the Commerce Bancshares, Inc. Legal Department or through the anonymous tip line.

Protecting team members from retaliation

Commerce will not retaliate against any individual who in good faith makes a report or complaint. We prohibit retaliation against a team member (as well as those with whom the team member is closely associated, such as a spouse, significant other and/or family members) for reporting discrimination or harassment, assisting in making a discrimination or harassment complaint, or cooperating in a discrimination or harassment investigation.

No employee, officer or director will be penalized, retaliated against or be made subject to any corrective action as the result of their good faith reporting of suspected violations of the Code of Ethics. Further, as required by the Sarbanes-Oxley Act of 2002, Commerce has adopted a Financial Matters Complaint Policy and an associated reporting process to provide an anonymous means for reporting accounting, auditing and other financial matters concerns.

Information Security and Data Privacy

Commerce has adopted comprehensive information security and data privacy policies, aligned with the National Institute of Standards and Technology and International Organization for Standardization standards, and regularly measures our security program's performance against industry benchmarks. Our security governance framework includes a dedicated information security program that reports regularly to the Information Security Strategy Board, the Operational Risk Committee and the Enterprise Risk Management Committee. The Chief Information Security Officer (CISO) leads this function and provides regular updates to the Board's Audit and Risk Committee and the Board of Directors.

All employees and contractors are required to take regular training on information security requirements and must acknowledge adherence with policies and standards annually. In addition, we conduct frequent phishing campaigns to test team members' knowledge, educate them on spotting phishing attacks and measure the effectiveness of our training program.

The [Commerce Privacy Statement](#) serves as a standard for all team members for the collection, use, retention and security of nonpublic personal information and tells customers how they may limit use of their information by Commerce.

Finally, we annually evaluate all applications, databases, information technology infrastructure, service providers and business units that handle sensitive information as part of our information security risk assessment. We also assess any new applications, infrastructure components and service providers before they are integrated with our existing systems. Commerce contractually requires all service providers, contractors, subcontractors or other third parties that process, transmit, access, or store Company or customer data to be in compliance with all applicable laws and to comply with all relevant Company policies (including, but not limited to, retention, encryption, transmission and application security policies) and safeguards.

Incident Response Programs

An Incident Response Plan has been developed that outlines roles, responsibilities, procedures, critical systems and key contacts for responding to a security incident. This plan is reviewed and tested throughout the year. The Company's Cyber Security Incident Investigation and Response Plan is a component of the Information Security policy and sets forth the severity categories and processes required to assess the impact of a security-related incident to the Company. The impact is categorized in severity levels as low, moderate, and high, and is expressed in terms of financial loss, strategic objectives, customer, legal and regulatory, reputation, and service interruption.

The Incident Investigation and Response Plan is an escalation process — as the impact of the incident becomes more significant or widespread, the escalation level increases, bringing more resources to handle the incident.



Maintaining business continuity

Commerce must remain operational, regardless of any event that may affect the Company's team members, facilities or infrastructure. Should operations be threatened by a business disruption, the Business Continuity Management (BCM) program ensures the Company's preparedness and efficient response to maintain operations. The BCM team does this by identifying risks and taking actions to eliminate or mitigate the potential impact of those risks. Our BCM efforts help ensure continuity of operations to fulfill the Company's responsibility to shareholders, customers and employees as well as all legal and regulatory BCM standards. The BCM team collaborates with management to ensure plans and processes are in place to fully meet all requirements.

The BCM team proactively coordinates with business units throughout the Company to develop and maintain business continuity plans, conduct plan testing and facilitate tabletop exercises to maintain readiness. The team oversees the Pandemic Preparedness and Response Plan and the Crisis Management Plan and is a key contributor to the maintenance of the Company's Crisis Communications Plan. The BCM team works with Information Technology to organize the Company's Disaster Recovery exercises and coordinates with the Department of Homeland Security (DHS) and other outside groups to monitor potential threats. Annually, the Company conducts crisis management tabletop exercises with members of the executive management team. BCM leads enterprise-wide business continuity awareness education activities to ensure familiarity with best practices and response readiness at every level of the Company.

BCM planning is an ongoing process that requires the creation of detailed plans. These plans identify critical functions and address business unit needs for recovery from any event that interrupts normal business operations.

The BCM team conducts regular testing and exercising of the plans and makes regular updates to keep existing plans up to date and ensure their accuracy.

Doing the right thing is in our culture

At Commerce, we have a long history of doing what's right for our customers, team members, communities and shareholders. Acting with integrity is built into our daily practices as well as our strategies and decision-making. Overseen by our Board in this work, we are committed to holding ourselves accountable to a high standard of integrity and excellence.





Sustainable operations

Building a sustainable infrastructure for the future

As a company dedicated to environmental sustainability, we recognize the vital role we play in creating a more sustainable environment by reducing our environmental impact. Investing in sustainable practices not only contributes to the well-being of our team members, customers and communities, it helps us build a stronger and more resilient business. Implementing environmentally sustainable practices reduces waste, conserves resources and minimizes our carbon footprint, creating a more efficient and cost-effective business. In 2022, we continued our initiatives to monitor and reduce energy usage, recycle materials, build responsibly, and engage the community in sustainability.

Reducing energy costs with data storage

Data centers are one of the most energy-intensive building types, consuming 10 to 50 times the energy per floor space of a typical commercial office building. Collectively, these spaces account for approximately 2% of the total U.S. electricity use, and as our country's use of information technology grows, data center and server energy use is expected to grow too.¹ Management of the energy used in our data center reduces energy usage and increases the efficiency of operations, which saves money and resources.

1. U.S. Department of Energy, <https://www.energy.gov/eere/buildings/data-centers-and-servers>

Through implementing various methods such as using energy-efficient hardware, optimizing software and implementing effective cooling and power management strategies, we are reducing our environmental impact and saving on energy costs.

Over the past several years, Commerce has continued to upgrade and install efficient and intelligent cooling equipment, batteries, battery backups and other hardware at our data center — all with the intent to create less heat and use less power. These efforts reduced energy usage in the data center by 3.5% during the past year.

While the Company's needs for computing capability increases, its power usage continues to decline. Even though the computing and storage requirements to support our business continues to grow, our energy efficiency continues to increase and the footprint of our data centers continues to shrink.

By implementing industry best practices, we not only reduce our environmental impact, we also increase the longevity and reliability of our data storage systems. With every step toward being more energy efficient, we move closer to a more sustainable future.

“

We know we have a responsibility to build not just for the current occupants and environment, but for future generations as well.

*Dennis Hoelzer,
Manager, Design &
Construction*

Integrating sustainability in all we do

We approach building and renovation decisions by weighing the needs of customers and team members and our environmental impact. As we develop new projects, we look for every opportunity to reduce the carbon footprint of our buildings. From the materials we use to the energy systems we put in place, we consider environmental impact and long-term sustainability at every turn.

We work closely with each project's contractor and architect to align with local regulations and incorporate LEED (Leadership in Energy and Environment Design) best practices as much as possible. LEED provides guidelines for healthy, efficient, and cost-saving green buildings. Prior to 2022, Commerce had completed our first LEED-certified building in O'Fallon, Missouri, and continues to look for opportunities to build and remodel along LEED principles. We consider many factors when designing a project:

- Preference for working with local suppliers
- LED lighting
- Waste reduction and recycling
- High-efficiency HVAC
- Sustainable materials including insulation, carpet and paint
- Volatile organic compounds
- Runoff
- Positive work environment boosted through improved lighting and air quality

Constructing sustainability: Commerce Bank Tower

In 2022, Commerce continued construction of the Commerce Bank Tower at the corner of Forsyth Boulevard and Meramec Avenue in downtown Clayton, Missouri.

The recently completed new building is a 282,000 square foot, 15-story modern glass office tower with 10 stories of more than 250,000 square feet of office space on top of a five-story above ground garage. The building includes about 7,300 square feet of street-level retail space, a one-acre private garden-style terrace and a state-of-the-art fitness facility.

Using a sustainable design philosophy, the Commerce Bank Tower was constructed to reduce negative impacts on the environment, to enhance the health and comfort of occupants and to improve building performance. The building also was designed and built to meet LEED standards for resource efficiencies and minimal environmental impacts, and to be more sustainable and energy efficient than a traditional building.

Ultimately, the intent is to create not only a thriving office space, but also a worthwhile, sustainable investment, offering long-term benefits for both the environment and the people who use it.

Our Company chose to implement a healthier and smarter building design, incorporating several benefits:

- The office has dedicated external air systems delivering clean, dehumidified outside air in all weather and climate conditions
- High-grade Minimum Efficiency Reporting Value (MERV) filtration to stop contaminants from passing into the air
- Low E-Thermal insulation glass curtain façade for maximum energy and cost efficiency
- A garage with 50% opacity for natural light and ventilation

Healthy building design and healthy lifestyles have never been so closely associated as they are today. Buildings designed to keep health, wellness and indoor air quality in mind are more likely to have a positive impact on occupants.

Additionally, there are EV charging stations available within the parking garage, connected to the Commerce Bank Tower.

Sustainability also played a role when dismantling and removing the previous buildings on site. Careful consideration and thoughtful planning were given when recycling building materials. Items such as cabling, roof trusses — even individual metal studs — were meticulously sorted and picked up.

Finding innovative ways to enhance overall building performance and minimize environmental impact and cost remain priorities with every new build.



Innovating sustainability: Temporary branch buildings

Sometimes sustainability occurs when we think outside of the box.

When the Commerce Bank branch in Liberty, Missouri needed a temporary building while its existing location underwent reconstruction, Commerce found a unique and innovative solution: shipping containers.

Maintaining a presence in the tightknit Liberty community and continuing to offer customers a seamless and pleasant experience during the year-long construction process of the new bank building was paramount to the Commerce team. This meant relocation of the branch building during reconstruction was not on the table.

Part of our retail transformation team's role is to understand our banking footprint and optimize access to banking services for our customers through rebuilding or relocating bank branches. The team consulted with the construction team on elements such as design, environmental impact and costs, while collaborating with architects and contractors to make those plans a reality.

While researching alternative options, Commerce found Bankers Security, a company known for repurposing shipping containers by turning them into temporary or permanent banking structures. With the Bankers Security structures, the canopies and pneumatic tube

system were included in the cost. The prefabricated structure arrived ADA compliant, along with an interior suite of fixtures and built-in offices. Additionally, it was outfitted with plumbing, HVAC and a power supply already assembled for use.

The use of shipping containers as temporary offices is proving to be a sustainable solution for businesses like ours that prioritize environmental responsibility. At Commerce, we're constantly balancing good stewardship of the business and the environment with the needs of our customers.



Enterprise Operations Sustainability Task Force

The Commerce Enterprise Operations Sustainability (EOS) Task Force oversees the environmental pillar of our ESG initiatives, further prioritizing and educating others about environmental sustainability in our enterprise operations. The EOS Task Force is led by a committee of senior leaders and conducts research to appropriately recommend and advocate for sustainable business practices. In 2022, the EOS Task Force focused on energy reduction initiatives, as well as continued advocacy and ESG communication efforts that included distributing newsletters describing new and ongoing sustainability efforts, sharing how team members can get involved and supporting the Commerce Green Team's grass roots initiatives.

Commerce Green Team

Comprised of team members from across the organization, the volunteer-led Commerce Green Team is dedicated to promoting sustainability and improving environmentally safe practices throughout the Company. The Green Team engages with team members and the community through a range of grass-roots initiatives, including encouraging participation in sustainable efforts, communicating through informative articles and quarterly webinars, and organizing ecofriendly initiatives.

In April 2022, the team encouraged fellow team members to choose a sustainable change and share it with a photo and caption via email. This initiative not only helped raise awareness about the importance of sustainability, but hopefully inspired others to make positive changes in their own lives.

For Earth Day, the Green Team hosted a successful Goodwill collection drive in Kansas City, where employees were encouraged to donate unwanted items for reuse. Goodwill is known for diverting millions of pounds of unwanted items from landfills, and this initiative helped contribute to that effort.

The Green Team also held several webinars over the past year, covering topics such as composting and other sustainable practices.

The team shares environmentally friendly ideas through various communications, such as wrapping gifts without using wrapping paper and how to make yard work more sustainable. Employees are encouraged to share their own green stories and ideas.

By consistently providing practical and achievable ideas, the Green Team continues raising awareness and promoting sustainable practices among Commerce team members.

Sustainability is a community effort

As with everything we do, we have found ways to engage the community as we go about our sustainability work.

Commerce has hosted Lunch and Learn sessions related to volunteer opportunities for teammates:

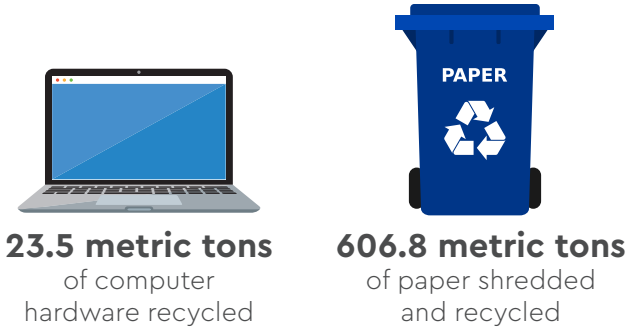
- Seed St. Louis
- Forest ReLeaf
- Tower Grove Park
- Forest Park Forever

Commerce supports and/or participates in many environmental causes in our markets, including:

- Missouri Botanical Garden
- Powell Gardens
- KC Rose Society
- Seed St. Louis
- Forest Park Forever
- Tower Grove Park
- Brightside St. Louis
- Hermann Park Conservancy
- Sun Foundation for Advancement in the Environmental Sciences & Arts

Recycling waste

To decrease our carbon footprint, we continued our recycling programs throughout 2022 and achieved the following:



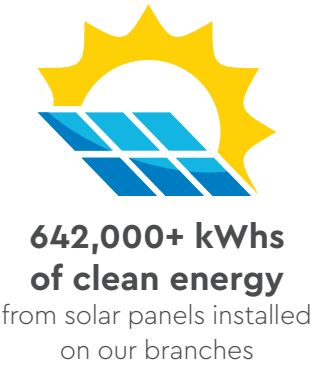
Reducing our energy consumption

We are dedicated to mitigating the impact of our daily operations on the environment. Across our footprint, we find opportunities to invest in alternative and clean energy sources to promote sustainability over the long-term. Our clean energy initiatives began several years ago and continue today.

Solar Panels

As of 2022, we have installed solar panels on 20 of our branch buildings, which represents over 10% of our footprint.

CLEAN ENERGY GENERATED IN 2022

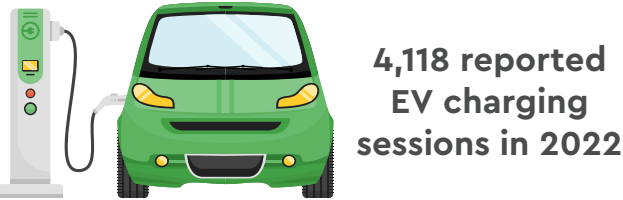


Installing LED lighting

For the last several years, we have been updating the lighting systems in our buildings to LED. To date, 100% of eligible branches have LED lighting systems, and we continue to work on our corporate buildings. These updates will reduce our annual energy consumption every year going forward.

Electric Vehicle Charging

As electric vehicle adoption continues to grow, Commerce continues to evaluate needs for providing charging stations at banking locations and office buildings. Providing charging stations for electric vehicles not only demonstrates Commerce's commitment to sustainability and reducing carbon emissions, it also offers a valuable service to customers who drive electric cars. For customers with electric vehicles, we offer a number of charging stations at branches in our footprint. We have a total of 15 electric vehicle charging stations at branch and corporate building locations in the greater St. Louis metro area, Illinois, and Kansas City.



Mitigating environmental risk in real estate loans

For over 10 years, our real estate valuation team has maintained a special focus on the environmental risks of new real estate projects. Each new project is subject to a thorough assessment, thus increasing awareness of potential contamination, environmental impacts and/or approaches to mitigate identified risks. The team's due diligence helps customers to be aware of potential environmental liabilities that may compromise their business goals. We also review our own real estate for environmental risks to protect the health and safety of our customers and team members.

Sustainability is good business

Looking ahead, our overall commitment to sustainability will continue to play a vital role in reducing our environmental footprint and our company's success. By investing in sustainable technologies and processes, we are better positioned to thrive in a rapidly changing business.

Diversity, Equity & Inclusion



Our commitment to Diversity, Equity & Inclusion



At Commerce, we strive to help people and businesses solve financial challenges so they can focus on what matters most. At the end of the day, what matters most isn't so different for most people. It's feeling like you are seen, heard and that you matter. We want to listen, so we can continue to take action and make Commerce a better place for everyone who comes through our doors.

We are always looking for opportunities to empower individuals and to support and strengthen our communities. We believe that the key to any working relationship is a mutual understanding of each other. We strive to make banking more accessible through financial education, creating pathways to homeownership and providing tools and resources to diverse small business owners. We partner with non-profits, providing pro-bono consulting and helping with professional development to assist with capacity building. In addition, we leverage tools and technology to provide diverse

supplier information and share insights with our team to further advance doing business across the broad communities we serve.

We see Diversity, Equity and Inclusion as a priority, and seize opportunities to provide advancement and to build a workforce that reflects the demographics of the communities we serve. By reviewing our policies and practices, as well as benchmarking data used to measure team member experience, we are committed to ensuring every team member has a strong sense of belonging. Our voluntary, employee-led resource groups, or ERGs, provide an opportunity for team members to have a voice and share their experiences.

Our culture is how we live our core values and reflects the way in which we communicate, collaborate, and get things done. Diversity, Equity and Inclusion is an integral part of Commerce's culture. We are proud of our efforts thus far, we recognize this important work is ongoing, and we commit ourselves to sustaining our progress in the years to come.

A handwritten signature in black ink that reads "Felecia" followed by a stylized flourish.

Felecia Hogan

Director of Diversity, Equity & Inclusion

Diversity, Equity & Inclusion — A Corporate Blue Chip initiative

Diversity in Action: How Our Differences Fuel Innovation

At Commerce, we have pledged to foster a culture that values Diversity, Equity and Inclusion (DEI) in all aspects of our business. As a company, we believe our commitment to DEI is not only the right thing to do, it is also essential to our success. Our differences make the difference in how we better serve the needs of our customers, team members and communities.

Our Diversity, Equity and Inclusion CBI Blue Chip includes four pillars that focus our actions — both internally and externally. Each pillar is supported by a

group of Commerce team members who oversee key objectives. We work each year to build on the progress we have already made regarding our DEI initiatives. At the same time, we recognize that a sustainable DEI strategy requires ongoing accountability and flexibility. Over the years, we have thoughtfully established a variety of programs and initiatives designed to embrace an inclusive and diverse culture, raise awareness of topical issues, and establish clear goals.

To achieve our DEI Blue Chip strategy, we have established four key pillars: community, customers, internal and suppliers.



Commerce Corporate Blue Chips

Our DEI efforts are designated a Corporate Blue Chip initiative. Our Corporate Blue Chips are enterprise-wide priorities that help us achieve our strategic goals. They are innovative efforts that go beyond business as usual and are the highest priority initiatives for the company. Our Commerce Bancshares, Inc. (CBI) Blue Chips address a range of priorities — from foundationally improving how we run our business to fundamentally transforming our business through new products or services.

Our dedication to this effort goes back to the late 1990s, when we began leading grass-roots efforts to support diversity initiatives in the communities in which we operate. In 2004, we released our first company-wide diversity statement. Since then, we have continued to invest in DEI initiatives. In 2022, our work and investments earned us the recognition and honor to receive the Champion of Diversity Award by the Greater Kansas City Chamber of Commerce.



Community

Investing, both financially and with our time, in our communities



Internal

Enhance internal talent mobility and external recruiting practices to increase the diversity of our teams and leaders



Customer

Deeper focus on growing a diverse customer base



Supplier

Improve the diversity of our suppliers and spend



The history of DEI at Commerce

BEGINNING IN 2004



AND OUR JOURNEY CONTINUES



Supporting causes and communities

The DEI Community Pillar strives to increase the impact of our community partnership engagements that support DEI causes and communities.

- *Providing education by focusing on helping the community realize dreams through financial education and enrichment opportunities*
- *Enabling access via identifying programs that help with home ownership, eliminating barriers of entry for traditional banking products and supporting underrepresented business owners*
- *Supporting personal development of career readiness skills and community leadership from underserved communities*
- *Building empathy and understanding among different communities through Commerce volunteer efforts and board service*

Refining our community engagement process

During the past year, we continued to engage with our communities and to partner with many community organizations on DEI initiatives. We often support nonprofits in ways that extend beyond our traditional financial donations and volunteering, including leveraging Commerce teammates' financial knowledge and business expertise. Here are some examples of those recent partnerships in action.

Fostering financial empowerment

Throughout the year, we proactively seize opportunities to connect with our communities, spearheaded by our Community Outreach and Banking Officer (COBO). Our COBO organizes financial education courses for unbanked, underbanked and underserved community members, assists underrepresented business owners, and collaborates with stakeholders to help equip other bank volunteers to deliver financial education and increase access to banking services across Commerce's footprint. We continue to build relationships with individuals and community organizations by implementing programs to help people become more financially stable, build credit, and establish a healthy financial future.

We are committed to increasing financial inclusion, removing barriers, and increasing economic opportunity

in communities that are underserved or have limited or no access to the mainstream financial system. We do this by developing relationships in the community to establish thoughtful financial empowerment programs for students, adults and small business owners.

Our outreach programs to underserved communities are constantly evolving and growing — not only with additional organizations, but with the types of involvement. We have added financial education classes offered through the Prosperity Center and Della Lamb Community Center among others.

In 2022, Commerce received the inaugural Thought Partner award from Give Black KC for collaboration with Kansas City G.I.F.T. and BeGreat Together on a series of financial education and technical assistance modules that help serve and further educate Black business owners and nonprofit leaders.

Financial Education for the long-term

The decisions we make in early adulthood can have lasting financial consequences. A strong foundation in financial education can help someone realize various life goals and achieve financial stability. Commerce is working with youth and business owners in our communities to provide guidance and tools to help them manage their finances effectively and build a solid foundation for their future financial well-being.



The Core Collective at Saint Vincent — mapping a financial blueprint

In 2022, Commerce partnered with The Core Collective at Saint Vincent, formerly known as St. Vincent Home for Children, to provide an eight-week financial education course to students age 16-20 years old. The Core Collective provides intensive, residential treatment and early intervention programs to kids whose families struggle with poverty, dysfunction,

“

It was great for them to talk with adults who are experts in this field. Being able to watch them interact with the Commerce team members builds trust and gives them confidence about banking.

*Dr. Kristin McFarland,
assistant principal at Johnson
Jennings Junior High*

“

Increasing real-world learning opportunities for our students helps prepare them for college and the professional workforce. This program represented a great opportunity for our students in that regard.

*Matt Gandy,
business teacher and
mentorship coordinator at
University Academy*

addiction and homelessness. The financial education series hosted at Commerce Bank Connect® in St. Louis featured a curriculum covering topics such as credit, career planning, basic banking fundamentals, savings and more. Additionally, Commerce sought to nurture the kids' sense of belonging by bringing them into formal spaces, including the Commerce Bank Connect® location in the Central West End of St. Louis where they were able to job shadow as well as visit the Executive Dining Room at the Clayton headquarters where they attended a dining etiquette class.

“The young people at St. Vincent Home are learning to live independently — cook, clean and take care of their own finances,” said Tiffany Charles, senior public relations and brand strategies manager, and former St. Vincent Home board member. “It's exciting to see Commerce play a key role in helping them succeed.”

Jennings School District — learning the financial basics

For the second year, Commerce continued its unique financial education program with the Jennings School District, helping its middle school-aged students establish a healthy relationship with finance and banking early in life. Commerce team members visited in-person classes at Johnson Jennings Junior High to teach the basics of banking.

The Jennings School District is an underserved / low- and moderate-income (LMI) school district, meaning many of the families in the district qualify for free or reduced-price meals. In small groups, the class discussed various financial security topics, helping dismantle common misconceptions about banks and develop trust in traditional banking relationships.

University Academy — mentoring with purpose

For many high school students, particularly in underserved areas, exposure to career options in the banking industry can seem out of reach. For the past two years, Commerce has teamed up with University Academy, a college preparatory public charter school in Kansas City, to implement a mentorship program

designed to introduce the world of banking to a select group of high school students.

University Academy prepares students to succeed in institutions of higher education and to serve as positive role models and valuable members of the community. The school's minority enrollment is over 95%.

Mentors and students met monthly during the school year and helped the students with establishing goals, writing their resumes and preparing for academic endeavors, such as National Honor Society. Every quarter, students attended special events at the Commerce corporate offices in Kansas City, learning about Commerce's DEI efforts, receiving career path advice and financial education training.

The students will continue to be paired with a mentor during all four years of college if their grade point averages meet certain requirements. Commerce will also match the scholarship funding students would normally receive from University Academy Foundation.

Commerce hopes to expand the program to other markets in which it operates and encourage other companies to establish similar mentorship programs.

SAAB — partnering to make a difference

Building upon the mentorship program Commerce developed with organizations like University Academy, Commerce team members in Springfield, Missouri initiated a mentoring relationship with SAAB, formerly



known as the Student African American Brotherhood. Founded in 1990, SAAB began as a response to low retention and graduation rates of African American students. SAAB has since expanded to more than 350 chapters in 41 states and is open to young men of all color. SAAB works by providing a support system for male students through mentorship, academic support, leadership training and community service opportunities.

Commerce mentors participating in the program coached SAAB mentees on topics such as financial education, banking career options and exposure to real-life aspects of the banking industry.

Following the program's initial success in Springfield, plans include expanding the mentoring program with SAAB chapters in Kansas City and St. Louis.

Urban League of St. Louis — Women's Business Center

In 2022, Commerce donated a former branch building located on Natural Bridge to the Urban League of Metropolitan St. Louis, an advocate for empowering African Americans and others throughout the region. The building will serve as the main office for the organization's Entrepreneurship and Women's Business

Center, which provides technical assistance, strategic planning, customized workshops, and access to funding for local entrepreneurs, with a primary focus on minority women in the community.

Creating pathways to homeownership

Homeownership is considered a cornerstone of the American dream. But what is often seen as a symbol of financial stability and success can be out of reach for many. We are dedicated to creating pathways for homeownership in low- and moderate-income communities and making a positive impact to address a housing crisis that disproportionately affects marginalized communities.

Reinvesting in the community

Through community reinvestment, we are committed to supporting the needs of all our customers. Under the Community Reinvestment Act (CRA), we are consistently evaluated for CRA compliance based on how well we provide banking services and access to credit in all communities where we do business, with a special focus on the needs of low- and moderate-income (LMI) communities.

By investing in affordable housing, community services, neighborhood revitalization and economic development, we are helping to build thriving and sustainable communities. Our relationships in the community are key in this area, and we continue to cultivate strong partnerships with community organizations in our markets. Commerce has maintained an Outstanding rating for our Community Reinvestment Act (CRA) compliance for over 25 years.

Additionally, these efforts boost customer loyalty, employee morale and brand recognition. Overall, we view reinvesting in our communities as an essential aspect of corporate social responsibility and a smart business strategy, benefitting both our company and the community.

Investing in affordable housing with SLEFI

For over 30 years, Commerce has maintained a strong commitment as an investor in the [St. Louis Equity Fund, Inc. \(SLEFI\)](#). SLEFI invests in construction projects that increase the inventory of affordable rental housing. As a result of their work, SLEFI has raised \$471 million and helped to build 4,997 units of affordable housing in St. Louis, Kansas City, outstate Missouri and Southern Illinois.

“

Mentoring the next generation of young professionals is critical to the success of our community and our company. I am grateful for these opportunities with organizations like SAAB, that allow us to demonstrate our core values in such a tangible way.

Doug Neff,
senior vice president

\$246.5 million

in loans to LMI borrowers, LMI geographies, minority borrowers and/or majority-minority geographies

\$205.0 million

in lending to small businesses with revenues less than \$1 million

\$1.3 billion

in community development lending (CDL), supporting affordable housing development and small business growth and lending to nonprofits that support LMI communities

Connecting neighbors with the support they need

Our Neighborhood Connection loan products provide affordable financing options for borrowers in low- and moderate-income census tracts in Kansas City and St. Louis, Missouri, Wichita, Kansas and Houston, Texas. Our Neighborhood Connection Budget Booster loan helps individuals consolidate their debt to improve their credit, and it can be used to finance home improvements and help the next generation maintain a home they've inherited.

These loans and their recipients are supported by dedicated Community Home Loan Originators based in LMI communities. This single point of contact helps our Neighborhood Connection customers navigate new and sometimes confusing aspects of the loan process.

In 2022, we invested in our community outreach by adding a Community Home Loan Originator to help support and build relationships with our customers and local organizations.

In three years, a total of 731 loans have been funded with the Neighborhood Connection loan products supporting 542 first-time homebuyers in LMI areas. Commerce also provides financial support to individuals and families through Neighborhood Connection grants in Kansas City, St. Louis, Wichita and Houston.

Working together with our communities

We are grateful to the inspiring individuals, leaders and organizations that enable us to further our commitment to community development. Through this work, we're able to realize our purpose of helping our customers, team members and neighbors focus on what matters most.

95%

Average customer satisfaction score for Community Home Loan Originators

1. Per Fannie Mae's definition. <https://selling-guide.fanniemae.com/Glossary/1045242151/Who-is-considered-a-first-time-homebuyer.htm>

“

Amber made everything easy for me to understand, and everything was at my fingertips.

Hillary H.

“

My experience with Porsha was nothing but fantastic! She was very informative through the whole mortgage process. She even called after closing just to ensure everything was as planned.

Tamisha I.

“

Thank you for the great experience. I appreciate all your attention and knowledge during the loan process.

Christina V.

The impact of Neighborhood Connection loans

542

First-time homebuyers¹

731

Total loans originated

\$90.1 million

Loans originated

\$1.2 million

Grants

justine PETERSEN
BUILDING ASSETS. CHANGING LIVES.

prosperity connection[®]

THE HOUSING
PARTNERSHIP

CHES, Inc.
FINANCIAL FREEDOM...IT'S YOUR MOVE

BEYOND
HOUSING

COMMUNITY
SERVICES
LEAGUE

CHWC
Rebuilding our Neighborhoods



Creating a positive customer experience

The focus of the Customer Pillar is to grow our diverse customer base. To achieve this, we have increased opportunities to gather feedback and improve our understanding of our customers' needs.

Removing barriers for banking

A strong sense of accountability drives our commitment to improve Diversity, Equity and Inclusion (DEI) in and around Commerce. For many people, their goals may be out of reach due to financial barriers. To address this concern, we take several approaches to help customers navigate obstacles and achieve their goals.

Encouraging dialogue with our customers

In 2022, our Commercial and Wealth teams hosted one-on-one interviews with women and people of color to better understand their financial priorities and unique needs. Historically, women and people of color have faced systemic barriers to accessing financial services, such as discrimination, lack of representation and limited financial education. The insights from the research will be carried forward and incorporated in training for Commerce team members. By addressing the specific financial needs of women and people of color, we can create more opportunities for these groups to build wealth, achieve financial stability and improve their quality of life.

Making banking accessible

As of 2021, 4.5% of U.S. households were "unbanked," which means household members had no checking or savings account with a bank¹. This represents approximately 5.9 million households. This can pose barriers to building financial stability. At Commerce, we are committed to helping lower those barriers and offer safe, affordable banking solutions to all consumers.

As part of our continued innovation and commitment to serving a broad cross-section of communities, we developed Velocity Pay®, a [Bank On](#) certified product. Velocity Pay® is a prepaid consumer debit card, making it an ideal solution for consumers who don't use traditional banking services, or for those looking to establish their first relationship with a bank. Customers can also use Velocity Pay® to pay bills and set up recurring payments, and it's available nationwide.

Earning customer confidence in our services

We received the Bank On certification seal for Velocity Pay®, as we aligned the product to meet the low-cost needs of the "unbanked" segment. The Bank On certification seal is a valuable tool for banking customers as it helps to identify banks and credit unions that are committed to providing affordable and accessible financial services to underserved communities. To learn more, visit our [website](#).



1. FDIC, "How America Banks: Household Use of Banking and Financial Services," December 17, 2021

Improving customer financial health

A good credit score is essential for accessing credit, obtaining loans, renting an apartment or even getting a job. Building a good credit score takes time and requires a history of on-time payments and responsible credit use. For individuals looking to strengthen their credit, we offer the Commerce Secured Credit Card account. This type of product can provide borrowers a way to establish and improve their credit scores. By building a strong credit score, consumers can increase their financial options and improve their overall financial health.

A checking account is a way to control finances and monitor financial health. The Commerce Free Checking Account is a simple checking account for everyday banking needs. To learn more, visit our [Neighborhood Banking Resource Center](#).

Driving financial inclusion

Overall, addressing the priorities and financial needs of the diverse communities we serve is essential to create a more inclusive and equitable financial system that benefits everyone. When individuals have access to affordable and appropriate financial services, it can lead to increased economic opportunities and improved financial well-being. Financial inclusion can contribute to more resilient communities, improve the lives of individuals and families, and allow them to focus on what matters most.

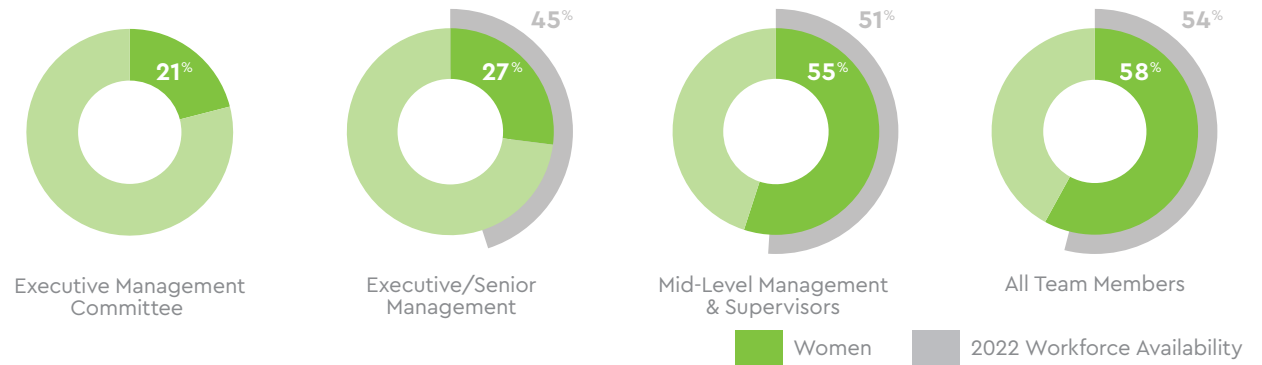




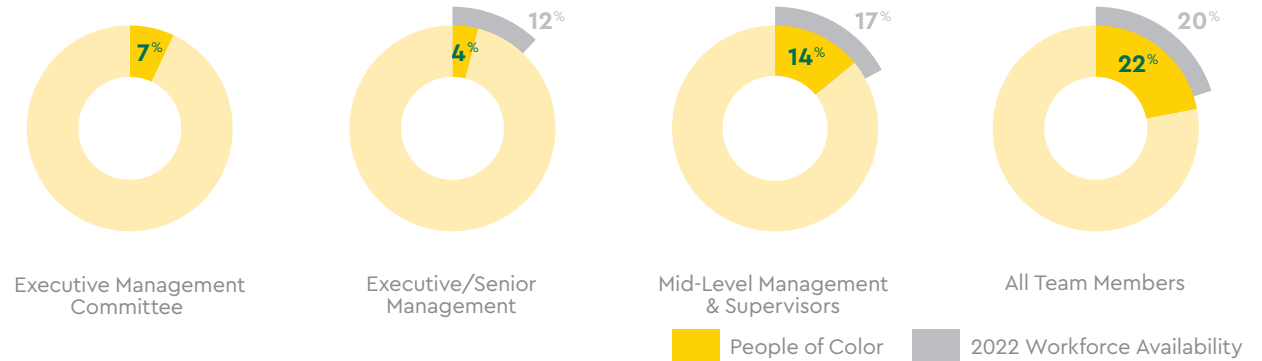
Cultivating a culture of inclusivity

The emphasis of the Internal Pillar is focused on enhancing internal talent mobility and external recruiting practices. An inclusive culture is essential for the growth, success and well-being of both our team members and the company as a whole.

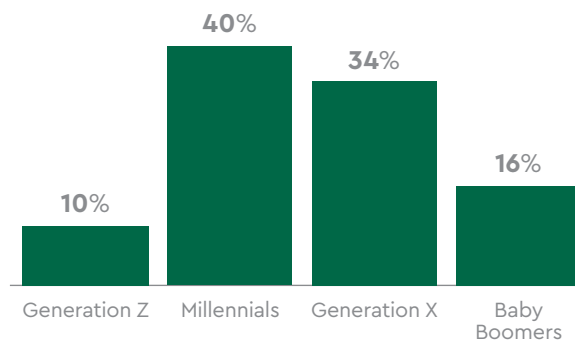
Women



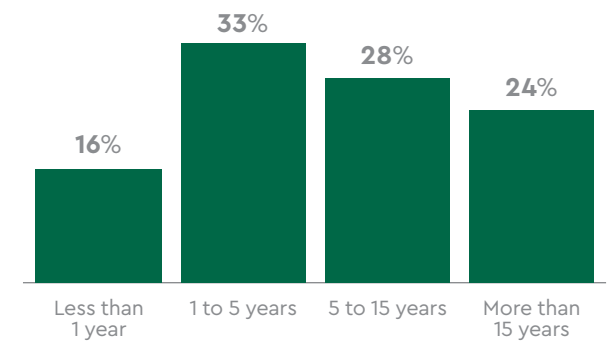
People of Color



Team Member Representation by Generation



Team Member Representation by Tenure



Information as of 12/31/2022, except where noted. Workforce availability is a weighted average based on job type and region. The workforce availability data used for the calculation is provided by a third-party vendor and is based on U.S. Census data.

Pay equity at Commerce Bank

Commerce is committed to paying our team members equitably for their contributions. We achieve this by considering pay equity in our processing of pay changes and in routine proactive pay reviews. When determining base pay, we consider a team member's experience, education and performance along with the geographic market rate for their current role. These analyses ensure Commerce is not only compensating team members appropriately, but also offering competitive pay to attract and retain team members.

Employee-led Resource Groups: Fostering a sense of belonging

We recognize that our workplace diversity makes us a stronger company and our Employee-led Resource Groups (ERGs) contribute to a culture of inclusion and equity every day. ERGs provide our employees with a supportive community where they can connect with others who share their interests, background, or experiences, raise awareness of critical issues and support good causes. Their existence helps to create a sense of belonging and inclusion, which leads to increased employee engagement, motivation and retention. By investing in ERGs, we are creating a culture that values and celebrates diversity, fosters creativity and innovation, and promotes a positive work environment for all team members.

ERG members contribute their ideas and perspectives to help support Internal Pillar initiatives. More than 40% of Commerce team members belong to one of these groups.

In 2022, the ERGs hosted a total of 100 events with over 5,700 participants. These events included a first-ever social event in Kansas City and St. Louis connecting all ERGs, Commerce team members, and diverse businesses, representing each of the ERG communities, who showcased their products at the event.

Also, our ERGs developed a Community Connector role to help build support with community organizations and identify opportunities to create sustaining and supportive relationships, with the goal of designating a leader from each ERG to this role in each market.

Welcoming a new ERG

In recent years, Commerce has launched ERGs for women, young professionals, people of color and the LGBTQIA+ community. In 2022, a new ERG, SALUTE, geared toward veterans, launched in Kansas City and St. Louis. The group also welcomes current military members, their families, friends and anyone who is passionate about veteran causes. One of the group's goals is to help veterans transition from a life in the military to the corporate world, as well as support team members with family members serving their country away from home. SALUTE connects its members with Commerce mentors who have a similar background experience, creating an inclusive, dignified and diverse space to connect.

SALUTE also plans to partner and volunteer with organizations who support veterans and address homelessness, mental health issues and the other challenges that often impact veterans.

“

People who have a family member overseas often deal with unique challenges. SALUTE can really be a good resource for them. We're creating a safe space so they can interact with other team members who have similar experiences.

*Jimmy Brown,
Senior Account Manager,
U.S. Coast
Guard veteran*

82%

team members reported feeling a sense of belonging at Commerce

“

At Commerce, we are intentional with the support we give our veteran teammates, including leveraging the rich experiences and transferable skills veterans bring into the workplace from their time serving in the military.

*Felecia Hogan,
Director of DEI*



Promote the advancement, retention and recruitment of women at Commerce



Nurture a workplace culture that attracts, develops, engages and retains young professionals



Foster an environment where team members are valued, empowered and engaged to promote multi-cultural representation and retention



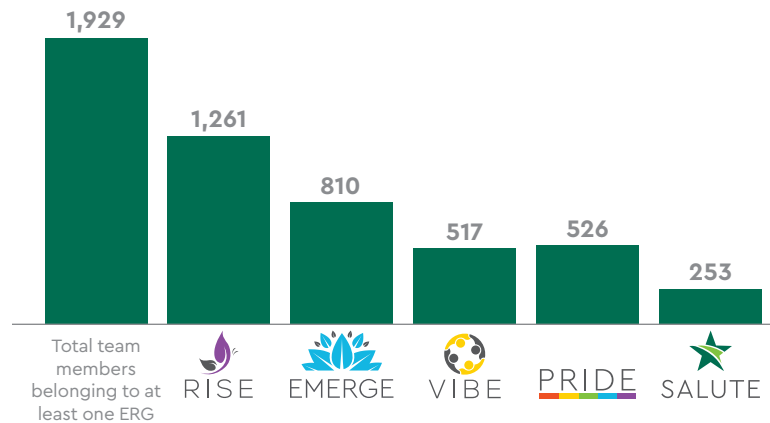
Provide an open forum where LGBTQIA+ and allied teammates can aspire, develop and collaborate to reach their highest potential



Support the unique challenges veterans face while advocating for employment and development opportunities and leveraging the skills and experiences veterans bring to the workplace

2022 ERG Membership

Team members may belong to more than one ERG



ELEVATE ERG Leaders

Our ERG leaders are dedicated, hardworking professionals. To support them in their two-year commitment as group leaders, we have established the ELEVATE training program. The program provides ERG leaders with professional development and training on topics such as facilitating, presenting, leading with influence, and making meetings matter.

Collaborating to create a more diverse workplace

Investing in a diverse workplace includes ensuring team members have access to the tools they need to succeed. In addition to employee-led resource groups, we continue to create a range of resources, such as diversity education programs, mentorship programs and leadership development programs. We want our team members to feel valued, supported and empowered to bring their unique perspectives and backgrounds to the workplace.

In 2022, Commerce maintained a score of

90
points

out of a possible 100 for the Human Rights Campaign Foundation's Corporate Equality Index for LGBTQ+ equality in workplaces.



Sponsoring leadership and mentoring programs

There are several excellent leadership programs available to our team members:

- We partnered with IMPACT Group in St. Louis to launch a cohort experience for Commerce women. Women in Leadership is a 10-month program providing focused development for women at Commerce. The program combines the benefits of individual coaching and the networking and social support of a cohort. Participants engage in events with Commerce executives, develop a tailored individual development plan, receive coaching (along with their manager), and attend learning events. The program ends with a capstone presentation made to Executive Management that is designed to give the women more visibility into their strengths, goals and interests.
- My Commerce Journey is a framework for boosting the visibility and advancement of talented team members of color.
- The Executive Mentorship Program pairs high-potential team members who are people of color with members of the Executive Management Committee to facilitate professional development.
- The SOAR (Sustaining Opportunity Advancement and Retention for Team Members of Color) Mentorship Circle offers career support and advice for team members of color who want to advance within the company. The program's goal is to help facilitate personal growth, professional development and retention of our talented team members of color. The SOAR experience allows visibility and access to senior leadership, awareness of opportunities for advancement and strengthened peer support networks. Participants meet to network and form relationships, have discussions, and complete comprehensive training. Alumni of the Executive Mentorship Program developed the project to help increase diverse representation at Commerce.

To further foster development and professional growth in our team members, we frequently sponsor employees to attend external training and leadership programs.

- [Kansas City Central Exchange — The Emerging Leaders Program](#) advances leaders' effectiveness, builds networks and connects participants with regional and global thought leaders
- [The St. Louis Diversity Business Initiative's](#) year-long program addresses the interests and challenges professionals of color face as they work to advance their careers
- [Greater Missouri Leadership Challenge](#) provides women leaders with unique personal and professional leadership growth opportunities

Offering a range of DEI Learning Opportunities

Providing DEI resources for team members and our leadership is crucial for ensuring that everyone has access to the tools and support needed to succeed.

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During SOAR sessions, I gained deeper insights into shared experiences and formed relationships with other mentees that I know I can count on for advice. After graduating from the SOAR program, I have a firm career compass, as well as concrete standards for my personal and professional growth.

Crystal Yang,
SOAR graduate

In 2022, we expanded our curriculum of DEI-focused Education Workshops, both online and in-person, to increase team members' awareness and understanding of their own experiences and perceptions and how those affect their decision making and interactions with others.

This year, we hosted 60 sessions for over 1,900 attendees. We hope to promote a culture of inclusivity by providing a comprehensive DEI curriculum as we work toward a more inclusive workplace for all.

Participation in Awareness Workshops in 2022

For Unconscious Bias Training and Awareness Workshops

1,900+ participants 60 sessions

At Commerce, we believe leaders have considerable influence on the culture of their teams and the well-being of their team members. That's why we are intentional in providing resources for Leadership Training and Support. In 2022, this included providing and maintaining a DEI Resource Guide for Leaders by further supporting their efforts in fostering an inclusive experience for our team members while giving them some best practices in hiring.



Focused on what matters most

While we are encouraged by the progress made over the last year, we recognize there is more to do. We will continue to foster an inclusive and engaging team member experience — one where all team members can thrive and show up to work as their authentic selves. We're firmly committed to engaging in the conversations necessary to make our team members feel safe, valued, and respected.



Encouraging supplier diversity

The Supplier Pillar aims to continually improve the diversity of our suppliers and the amount of diverse spending. Building relationships and actively supporting diverse suppliers who can meet our business needs promotes a more inclusive and equitable supply chain.

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We are continuing to invest in our communities by shining a light on successful minority owned businesses that can be even better with added recognition from a well respected and active community leader.

*Kevin Barth,
executive vice president*

Innovating through our diverse supplier initiatives

Engaging diverse suppliers is key to creating a more inclusive and successful environment for businesses and communities. By actively seeking out suppliers from diverse backgrounds, such as minority-owned or women-owned businesses, we help provide opportunities for historically marginalized groups. Working with a diverse range of suppliers allows us to tap into unique perspectives and expertise, which we believe helps us to spur innovation and growth.

CEO to CEO Challenge

This past year, Kevin Barth, executive vice president of Commerce Bancshares, Inc. and chief executive officer of Commerce Bank, Kansas City, committed to increasing the number of diverse suppliers we collaborate with in local communities we serve. The CEO-to-CEO Challenge, sponsored by KC Rising, encourages and supports business-to-business inclusive procurement by making that commitment visible and helping leaders develop supplier diversity programs. Commerce was among the first group of Kansas City leaders to sign and take the pledge.

Improving supplier diversity practices

The purpose and mission of the Financial Services Roundtable for Supplier Diversity (FSRSD) is to promote supplier diversity within the financial services industry. FSRSD is committed to fostering a more inclusive and equitable business environment by encouraging member companies to work with suppliers from diverse backgrounds. One of the key ways FSRSD fulfills its mission and supports member growth is through its annual benchmarking survey, which collects data on the supplier diversity practices of member companies.

For the second consecutive year, we participated in the annual survey, which helps identify best practices and provide insights into the challenges and opportunities associated with supplier diversity. By leveraging the insights gleaned from the survey, we can improve our supplier diversity practices and drive meaningful change.

Using technology to help improve diversity

On our journey to create a more diverse supplier program, we identified tools to enhance our search for diverse suppliers and build more inclusive business practices. In 2022, we implemented a new diverse

supplier platform powered by Supplier.io, a software solution that uses a data-driven approach to help find diverse suppliers that meet specific criteria, such as location, industry, and certification. By accessing the Supplier.io platform with more than two million diverse suppliers, we're becoming more efficient in our supplier searches, while also benefitting from the real-time insights into supplier performance and risk provided by the platform.

Spotlighting Champions of Supplier Diversity

Throughout 2022, we recognized Supplier Champions who made a difference in the supplier space, either through their own actions or by motivating others to utilize diverse suppliers within Commerce. Team members nominated colleagues throughout the year with winners being recognized quarterly and annually. Through this program, we raised awareness about the value diverse suppliers bring to our business and helped to create a sense of community and shared purpose.

Supporting our diverse supplier partners

Overall, our supplier diversity programs are essential for championing DEI initiatives and creating a more inclusive and equitable workplace. We will continue to do our part to shine a light on our diverse partners through recognition and engagement with them.

