



COMMERZBANK

Information on asset management at Commerzbank AG

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Disclosure statement on the main adverse effects of
investment decisions on sustainability factors

30/06/2023

Updated version as of December 22, 2023



The bank on your side

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1 Summary

Sustainability is an integral element of the Commerzbank Group strategy. Asset Management at Commerzbank AG takes into account the main adverse effects of its investment decisions on sustainability factors.

This is achieved in different ways depending on the structure of the relevant asset management product line. Sustainable product lines take more extensive account of the adverse effects of their investment decisions than product lines without such a strategy. There are also differences regarding the assessment of adverse sustainability effects if specific product lines are limited to certain investment instruments such as exchange-traded products (ETPs) or investment funds.

This document is a disclosure by Commerzbank AG Asset Management (including comdirect, a brand of Commerzbank AG, excluding subsidiaries of the Commerzbank Group such as mBank or CommerzReal) on the material adverse effects on the sustainability factors.

This disclosure statement on the material adverse effects on the sustainability factors relates to the period from 1 January to 31 December 2022.

Commerzbank AG generally takes into account minimum standards, such as ESG ratings and exclusion criteria, in all its Asset Management business; for further details please refer to chapter 3. These are derived from the PRI principles (UN Principles for Responsible Investment; [UN Global Compact](#)). The UN PRI is an investor initiative in partnership with the United Nations (UNEP FI = United Nations Environment Programme Finance Initiative and UN Global Compact). With its international network, the PRI initiative is concerned with the practical implementation of its principles for responsible investment. When investing in corporate securities, we observe principles such as those of the United Nations Global Compact, the Universal Declaration of Human Rights, the fundamental principles of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

When investing directly in securities issued by countries, we exclude issuers that commit serious violations of democracy and human rights or failed to sign the Paris Climate Agreement.

Commerzbank AG also takes into account in the existing investment process the sustainability preferences of customers. To this end, we have integrated ESG criteria (E: Environment/S: Social/G: Governance) as standard for all asset management mandates, both in the securities selection process and as part of risk management.

Adverse sustainability effects can arise in all areas of ESG consideration. In addition to taking the economic assessment into account when analysing equities, bonds and other investments (e.g. investment funds and ETPs), we also evaluate the economic risks and benefits of the investment. This also takes into account any adverse effects on sustainability.

The sustainability impact of environmental and social factors as well as sustainable corporate governance vary from sector to sector. Therefore, the factors are weighted according to their relevance in the MSCI ESG Ratings. Information on the weighting can be found in the [MSCI ESG Research](#) sector logic.

We use a selection of indicators from the ESG areas to identify and measure adverse sustainability impacts:

The minimum requirements applicable to the inclusion in the portfolio allocation, such as exclusion criteria and minimum ESG rating, result in a reduction of material adverse sustainability impacts. For ETPs and investment funds, the assessment of investment products is based on the information on adverse sustainability impacts disclosed by fund management companies or provided by MSCI.

For products with a similar inhouse investment rating, we favour products with a better sustainability rating.

This version, updated on 22 December 2023, includes the following additions:

- Indicator 1 - Total GHG emissions: As the individual Scopes are updated at different times, we have changed the calculation method to a summation of Scope 1, Scope 2 and Scope 3.
- Additional information on indicator 16: Countries in which investments are made that violate social standards.
- Official adoption of the ESG strategies for Asset Management by the Board of managing Directors on 25 October 2023.
- Additional information on Cominvest Green, a fund-based asset management product from comdirect.

2 Explanation of the main adverse effects of investment decisions on sustainability factors

This section explains to what extent Commerzbank Asset Management's investments have a negative impact on environmental and/or social factors and on sustainable corporate governance. We use 18 mandatory indicators and two select indicators to measure the adverse effects on the sustainability factors.

We have already implemented the measures listed in the table below. During 2023, we have reviewed the extent to which Asset Management has placed greater emphasis on sustainability indicators in its product lines to further reduce adverse sustainability impacts.

Indicators applicable to investments in investee companies and states

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions	1. GHG emissions (GHG emissions in tons of CO2e)	Scope-1-Greenhouse gas emissions (direct release of emissions in your own company) <i>Sum weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i>	Commerzbank Asset Management considers material adverse impacts on sustainability factors. Clearly defined exclusion criteria for some product lines limit the share of investments in fossil fuels, for example. Thus, thermal coal producers with a coal revenue share of 10% or more are generally excluded. In some product lines, we exclude companies that produce thermal coal or generate more than 10 % of their revenue from coal-fired power generation. This is intended to reduce CO2 intensity in these product lines and thus lower greenhouse gas emissions.
		Scope-2-Greenhouse gas emissions (Indirect release of emissions from energy suppliers) <i>Sum weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i>	

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period
	<p>Scope-3-Greenhouse gas emissions (Indirect release of emissions that arise along the value chain)</p> <p><i>Sum weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i></p> <hr/> <p>Total Greenhouse gas emissions</p> <p><i>Sum of total emissions (Scopes 1,2 and 3) weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i></p>	<p>5.243.390,02</p> <p>72,08%</p> <hr/> <p>6.262.394,46</p> <p>72,15%</p>	
2. Carbon footprint	<p>Carbon footprint</p> <p><i>Sum of total emissions (Scopes 1,2 and 3) weighted by portfolio value of investments in a company and by the last available enterprise value including company cash, adjusted for security issues associated with EUR 1 million invested in the portfolio.</i></p>	<p>444,34</p> <p>71,87%</p>	Selected Asset Management product lines are currently focussing on reducing CO2 intensity. At present, we are reviewing a switch to a focus on the CO2 footprint for these product lines.
3. GHG intensity of investee companies	<p>GHG intensity of investee companies</p> <p><i>Portfolio-weighted average of the total intensity of the companies' GHG emissions per million EUR revenues (t/million EUR revenues)</i></p>	<p>1.032,03</p> <p>75,30%</p>	Specific product lines aim to achieve a carbon intensity of equity investments that is at least 10% below the equity benchmark's carbon intensity.

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7,53% 76,09%	<p>Exposure to companies operating in the fossil fuel sector is limited. We generally exclude thermal coal producers with a coal revenue share of more than 10%.</p> <p>Some product lines apply additional exclusion criteria:</p> <ul style="list-style-type: none"> ○ Thermal coal producers with a coal revenue share of more than 0%; electricity generation from coal-fired power plants with a revenue share of more than 10%. ○ Oil sands extraction with a revenue share of more than 0% ○ Oil and gas extraction in the Arctic with a revenue share of more than 0% ○ Fracking with a revenue share of more than 0%
5. Share of non-renewable energy consumption and production	<p>Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources</p> <p><i>Portfolio-weighted average</i></p>	74,24% 66,96%	Asset Management is aiming to reduce the share of non-renewable energy sources in some product lines. This is realised within the investment process by using the exclusion criteria listed in Chapter 3.
6. Energy consumption intensity per high impact climate sector	<p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</p> <p><i>Portfolio-weighted average</i></p>	63,13% (Abdeckungsquote für gesamten Indikator)	The intensity of energy consumption by climate-intensive sector is presently not included as a target parameter in the investment process of Commerzbank Asset Management. We are reviewing a future consideration.

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period	
	A - Agriculture and Forestry, fishing	1,43		
	B - Mining and extraction stones and earth	5,28		
	C - Manufacturing industry	0,64		
	D - power supply	5,19		
	E - Water supply, sewage and waste disposal and environmental pollution cleanup	2,35		
	F - construction industry	0,24		
	G - Trade; maintenance and Repair of motor vehicles	0,32		
	H - Transportation and storage	1,09		
	L - property and Housing	0,57		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas <i>Portfolio-weighted average</i>	0,02% 76,09%	Generally, compliance with the principles of the UN Global Compact by the investable companies is a precondition in Asset Management when making direct investments. These include minimum environmental standards and thus penalise companies that exert a significant negative impact on the protection and restoration of biodiversity and ecosystems.

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period
			In addition to the UN Global Compact, the biodiversity aspect is also part of the ESG rating.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average <i>Sum of total water emissions, weighted by value of investments in a company, divided by the last available enterprise value including company cash</i>	55,01 10,96% Generally, compliance with the principles of the UN Global Compact by the investable companies is a precondition in Asset Management when making direct investments. These include minimum environmental standards and thus penalise companies that exert a significant negative impact on the sustainable use and protection of water and marine resources.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average <i>Sum of hazardous waste, weighted by value of investments in a company, divided by the last available enterprise value including company cash</i>	1.701,87 31,82% The share of hazardous and radioactive waste is presently not included as a direct target parameter in the investment process of Commerzbank Asset Management. It is mainly taken into account indirectly in the rating process by MSCI ESG Research given the minimum requirement for the ESG issuer rating. The aspect is addressed directly in selected product lines that exclude nuclear energy production and uranium mining, for example.
Indicators in the areas of social and employment, respect for human rights and the fight against corruption and bribery			
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development	Share of investments in investee companies that have been involved in violations of the UNGC principles	0,85% 76,94% Severe violations of the Principles of the UN Global Compact by companies (without positive outlook) in which Asset Management has invested through direct investments are applied as an exclusion criterion. Therefore, it can generally be assumed that the

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period
(OECD) Guidelines for Multinational Enterprises	or OECD Guidelines for Multinational Enterprises		investments are in compliance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	26,60% 75,29%	Severe violations of the Principles of the UN Global Compact by companies (without positive outlook) in which Asset Management has invested through direct investments are applied as an exclusion criterion. This also applies to compliance with the OECD Guidelines. Therefore, it can generally be assumed that companies that have not violated the UN Global Compact also adhere to the OECD Guidelines.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies <i>Portfolio-gewichteter Durchschnitt</i>	14,45 20,71%	Investments are excluded only for severe violations of the Principles of the UN Global Compact (elimination of discrimination in respect of employment and occupation).
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members <i>Portfolio-gewichteter Durchschnitt</i>	35,09% 75,32%	Investments are excluded only for severe violations of the Principles of the UN Global Compact (elimination of discrimination in respect of employment and occupation).
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.	0,03% 76,09%	Asset Management does not invest directly in equities or bonds of controversial weapons producers. Small exposure may result from indirect investment fund positions.

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period
Indicators for investments in states and supranational organizations			
Environmental	15. GHG intensity	GHG intensity of investee countries <i>Portfolio-gewichteter Durchschnitt</i>	257,35 9,96%
Social	16. Investee countries subject to social violations	<p>Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law</p> <p>The data were compiled exclusively from portfolios of investment funds held in Asset Management. The data are based on portfolio holdings for the reporting period and data on the indicator from June 2023. We use this estimate because the data are incomplete. Therefore, we cannot provide a coverage ratio for the overall portfolio.</p>	<p>8 6,61% Not specified</p> <p>Direct investments are excluded using the Freedom House Index. We do not invest in countries that are categorised as "not free" by Freedom House.</p> <p>In the reporting period, for five clients and on their request, we held a total of five Egyptian government bonds that violate the Freedom House Index. In the reporting period, we purchased two Turkish government bonds for one client at the client's request. In future, Asset Management will no longer allow a deviation from its ESG strategy for this indicator on behalf of individual clients.</p> <p>Other investments in relevant countries were made indirectly via portfolios of investment funds held by Asset Management. We are currently reviewing how to handle such exposure in future.</p>

Adverse sustainability indicator	Metric	Impact 2022 & Coverage ratio	Actions taken, and actions planned and targets set for the next reference period	
Indicators of investment in real estate				
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate related to the extraction, storage, transport or production of fossil fuels.	Keine Angabe	Until now, the relevant capital management companies of open-ended property funds have not published any information in this regard, nor were we able to obtain it on request.
Energy efficiency	18. Exposure to energy inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Keine Angabe	Until now, the relevant capital management companies of open-ended property funds have not published any information in this regard, nor were we able to obtain it on request.
Additional indicators of key adverse impacts on sustainability factors				
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	30,07% 74,86%	The share of investments in companies that do not implement initiatives to reduce CO2 emissions in line with the Paris Climate Agreement is presently not included as a target parameter in the investment process of Commerzbank Asset Management. We are reviewing a future consideration.
Human Rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis <i>Sum of the number of severe and very severe human rights cases, weighted by the investment value in a company and the last available enterprise value including company cash</i>	0,00% 38,21%	The weighted average of cases of severe human rights violations and other incidents relating to companies in which we hold investments is not presently included as a target parameter in the investment process of Commerzbank Asset Management. However, Commerzbank Asset Management requires compliance with the UN Global Compact and thus precludes massive violations of fundamental human rights by the company itself or by suppliers/subcontractors.

3 Description of strategies

Description of strategies for identifying and prioritising major adverse effects of investment decisions on sustainability factors

Commerzbank's sustainability strategy was adopted by the Board of Managing Directors on 27 April 2021. The Bank uses the [ESG framework](#) to disclose all key components of its sustainability strategy. This makes sustainability a core performance indicator at Commerzbank AG. The first version of the framework was approved by the Group Sustainability Board on 8 June 2022 and acknowledged by the Board of Managing Directors on 21 June 2022. The Board of Managing Directors confirmed and approved the ESG strategy of Commerzbank AG Asset Management on 25 October 2023.

Each member of the Board of Management is responsible for implementing sustainability measures in their own area of responsibility. Thus, the strategy is implemented on an operational level by the business segments and banking divisions.

Generally, the Bank does not acquire any financial instruments that could result in direct or indirect investments (e.g. via derivatives) in agricultural commodities such as wheat, maize or soya. The reason for this is that Commerzbank AG does not wish to participate in speculation driving price volatility for agricultural commodities. Based on Commerzbank AG's sustainability strategy, we impose minimum exclusions for equities and bonds to all our asset management portfolios. We review all exclusion criteria using ESG data from the MSCI rating agency. At the next process stage, we apply a best-in-class approach to achieve the broadest possible diversification effect and limit sustainability risks through analysis and evaluation.

The following measures are taken in relation to companies, countries and investment funds to consider the identified material adverse impacts of investment decisions on sustainability factors.

The following criteria apply to companies:

- Companies must have an MSCI ESG rating of at least B (scale: AAA to CCC, with AAA being the best rating).
- We exclude controversial business areas and controversial business practices.

Exclusion criteria for controversial business areas

We determined the following thresholds to prevent the exclusion of companies with very small revenue shares (e.g. online retailers or streaming services that also offer pornographic films or hotels that sell cigars in bars).

Tobacco

Producers of tobacco articles and accessories / components with a revenue share of > 5%

Fossil fuels

Producers of thermal coal with a revenue share of > 10%

Pornography

Producers of pornographic content with a revenue share of > 0%

Distributors of pornographic content with a revenue share of > 10%

Gambling

Gambling activities (e.g. operation of casinos or betting offices) with a revenue share of > 5%

Products and services for gambling activities with a revenue share of > 5%

Weaponry

Producers of banned weapons with a respective revenue share of > 0%

Exclusion criteria for controversial behaviour

Companies committing severe violations of the UN Global Compact (without positive outlook)

Human rights violations

Massive violation of fundamental human rights by the company itself or by suppliers / subcontractors

Labour rights

Massive violation of at least one of the four fundamental principles of the [ILO Declaration on Fundamental Principles and Rights at Work](#) or systematic circumvention of other minimum labour standards (e.g. in the areas of health & safety, pay, working time) by the company itself or by suppliers/subcontractors.

Environmental protection

Massive violation of environmental laws or generally recognised minimum environmental standards / codes of conduct by the company itself or by suppliers / subcontractors.

Corruption

Serious cases of fraud or corruption

The following criteria apply to countries (sovereign issuers):

- Companies must have an MSCI ESG rating of at least B (scale: AAA to CCC, with AAA being the best rating).
- We apply exclusion for violations in the areas of environment, social affairs and governance.

Evaluation of political freedom and civil rights

Unfree countries according to Freedom House Score

Defence budget

Countries that have a defence budget of > 4% of gross domestic product

Corruption

Countries that score < 50 on the corruption index compiled by Transparency International on a scale of 0 to 100.

Child labour

Countries where child labour exists on a large scale

The following criteria apply to investment funds:

No same-day information is available on the positions held by an investment fund. Therefore, we use a separate valuation process based on the disclosures by fund management companies in accordance with the Disclosure Regulation and on analyses by MSCI ESG Research.

The fund selection process in Asset Management is based on Commerzbank AG's sustainability strategy and takes into account the relevant aspects as part of its analysis process in the two steps described below:

- We select our target funds in accordance with the minimum criteria defined in Commerzbank AG's sustainability strategy.
- The allocated funds are subject to regular monitoring at the target fund level and regular calculation at the sustainable model portfolio level. Our focus in this context is on the goal of reducing CO2 intensity.

For this purpose, we apply the following criteria:

- The weighted carbon intensity (Scope 1 and Scope 2) of the securities held in an investment fund must be less than 500 tonnes of CO2 per USD 1 million of revenue. The weighted carbon intensity of a portfolio is derived by calculating the carbon intensity (Scope 1 + 2 emissions per USD 1 million of revenue) for each portfolio company, weighted according to the corresponding portfolio share.
- The respective fund management company must have signed the UN PRI, the (UN Principles for Responsible Investments).
- If an ESG rating from MSCI Research for an investment fund is available, this must be BBB or better (scale: CCC to AAA, with AAA being the highest rating). If MSCI ESG Research does not provide an ESG rating for a specific financial instrument, e.g. real estate funds, the respective fund must at least meet a sustainability standard according to MiFID Del. Regulation Art. 2 No. 7 a-c to be eligible for inclusion in the portfolio. Sustainability standard 7a refers to the consideration of sustainable economic activities according to the EU taxonomy, 7b to the pursuit of sustainability objectives according to the EU Disclosure Regulation and 7c to the reduction of adverse ESG impacts.

Comdirect's fund selection process considers additional criteria depending on the product line:

- ETFs with an MSCI ESG rating of CCC are excluded from the "cominvest classic" product line. Securities must have a minimum MSCI ESG-Rating of BB to be eligible for inclusion in the cominvest green investment universe.
- Other criteria considered for the "cominvest green" sustainability product line are as follows:
 - Socially Responsible Investing (SRI) approach
With the MSCI SRI exclusion criteria, cominvest green adopts the Socially Responsible Investing approach to ensure sustainable ETF selection and to include the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work in the securities selection process. The ETFs must fulfil the MSCI SRI exclusion criteria by at least 97%.
 - Fund ESG Policy Factor
cominvest green excludes investment funds without the MSCI Fund ESG Policy Factor feature to prevent investment funds without an explicitly sustainable investment strategy from being included in the investment universe. The Fund ESG Policy Factor feature identifies investment funds that have implemented an investment policy that takes ESG criteria into account. These may include environmental, social or governance concerns, religious beliefs, inclusive employee policies or environmentally friendly investments. This feature is assigned to a fund in accordance with the information provided in the fund prospect about the fund's investment strategy.
 - The following applies to ETC selection: cominvest green client portfolios have some exposure only to gold ETCs aimed at broadly diversifying overall portfolios. As exposure to gold ETC products cannot be evaluated against the above-mentioned sustainability criteria, cominvest green ensures that the providers are committed to the LBMA (London Bullion Market Association) Responsible Gold Guidance and thus to responsible gold trading.

Commerzbank AG takes into account adverse effects of investment decisions on sustainability factors, compliance with human rights and the fight against corruption and bribery to comply with due diligence.

Commerzbank AG Asset Management has selected the following optional indicators,

- “Investments in companies lacking initiatives to reduce CO2 emissions” (Indicator 4 from Table 2)

and

- “Number of cases of severe human rights violations and other incidents” (Indicator 14 from Table 3),

as these two indicators are consistent with the fundamental objective of Commerzbank Asset Management to prioritise the reduction of CO2 emissions and the consideration of severe human rights violations when making investment decisions. This is consistent with the Bank's ESG framework, and the objectives defined therein. More information is available under this [link](#).

Commerzbank investment strategy defines sustainability as forward-looking and responsible behaviour in compliance with global standards and values. The purpose of sustainable product lines of Asset Management is to reduce adverse sustainability impacts in the environmental, social and corporate governance areas.

Consequently, we gradually identify potential or actual sustainability risks as part of the evaluation process for financial instruments. These sustainability risks are incorporated into the investment decision-making processes in addition to other economic opportunities and risks.

We require consistent compliance with the Principles of the UN Global Compact by investable companies to prevent adverse sustainability impacts, particularly in the ESG areas. Equities and bonds issued by companies that severely violate the UN Global Compact are generally not eligible for inclusion in the model portfolios of the Asset Management product lines.

This consideration includes environmental aspects, human rights, labour rights and corruption.

In addition to these criteria for equities and bonds, we also defined ESG criteria for investment fund selection. We require that the respective capital management company has signed and promotes the UN PRI and has a dedicated ESG policy. Investment funds must also meet the ESG rating requirements. In addition, we defined a threshold for the average CO2 intensity of assets held by the respective investment funds as well as SRI (Socially Responsible Investment) exclusion criteria. Further information is available on the following website:

[Commerzbank AG - Sustainability standards](#)

Commerzbank AG mainly uses data from third-party provider MSCI to take account of adverse sustainability impacts on investment decisions. As reported data is not yet available for all indicators, to some extent we rely on estimated data. Reported data availability will gradually improve in the future and the share of reported data used in the calculations will increase.

Where no data can be provided by MSCI, e.g. for Indicators 17 and 18, we contacted the capital management companies of open-ended property funds directly.

The individual indicators are determined at the end of each quarter of the calendar year relevant to the reporting period. This is based on investment volumes at the end of each quarter and the indicator data at the end of the year.

To ensure data quality, we implemented a process in which the input data is checked for completeness and accuracy before the indicators are calculated on a quarterly basis. The results are then verified by experts.

Commerzbank AG only calculates adverse sustainability impacts for the part of the portfolio for which data is available. This proportion is reported via the coverage rate.

4 Participation policy

Commerzbank AG acts as an investment manager and not as the owner of financial instruments. However, for asset management lines that make direct investments in equities, the client also delegates the exercise of voting rights to the Bank.

The Bank usually exercises the custody account voting right on behalf of the custody account clients. This is based on a voting proxy, which can also be a permanent proxy, subject to the requirements of Section 135 of the German Stock Corporation Act (AktG). Section 135 provides that a bank - insofar as it offers its depositary clients the exercise of voting rights - must make accessible to clients its own guidance for exercising the voting rights as regards the individual agenda items in due time. Commerzbank AG does this on the following website:

<https://www.commerzbank.de/investieren/wissen/regulatorik/>

Section 135 (2) specifies in this respect that the Bank, in developing this guidance for the exercise of voting rights, is to be oriented by the interests of the shareholder and is to take organisational measures to ensure that no interests of other business units influence this guidance. where a member of the management board or an employee of the Bank is a member of the company's supervisory board or where a member of the management board or an employee of the company is a member of the bank's supervisory board, the Bank is to indicate this fact to the custody account client. The same applies if the Bank holds an ownership interest shareholding in the company that Section 33 of the German Securities Trading Act (WpHG) requires to be registered or if the Bank was a member of a consortium that has assumed the last issuance, in terms of time, of securities of the company made in the past five years.

Therefore, the Management Board has organised the exercise of custody voting rights into a business division that operates completely independently of the Bank's investment decisions. As such, the Bank's guidance does not take into account own interests - including those of Asset Management or proprietary investments.

The applied participation policy of Commerzbank AG as asset manager is not part of its environmental or social investment strategy.

5 Reference to internationally recognised standards

As Commerzbank AG requires strict adherence to the principles of the UN Global Compact by investable companies, investments are also being regarded as in line with the OECD Guidelines for Multinational Enterprises as well as the United Nations Guiding Principles on Business and Human Rights.

The relevant ESG data is provided by MSCI ESG Research. MSCI ESG Research is one of the leading ESG data rating agencies worldwide.

The MSCI ESG rating is based on three criteria: E (Environment), S (Social) and G (Governance). The G factor allows for a determination and evaluation of good governance practices. MSCI ESG Research calculates various "key issues" to determine this factor, which take into account sound management structures, labour relations, employee remuneration and tax compliance, for example. Thus, the defined minimum requirements for ESG ratings also consider good governance practices.

The sustainability indicators of Asset Management, which, in addition to the defined exclusion criteria, also take into account the MSCI ESG rating, CO2 intensity and a minimum investment ratio of Article 8 and 9 Funds (in accordance with the Disclosure Regulation), comply with internationally recognised standards. For further details, please refer to section 1 (Summary).

These criteria are taken into account as part of the investment process and affect investment decisions. A regular review process ensures that the relevant conditions continue to be taken into account for each investment over time.

Sustainability is implemented as one of four cornerstones of the sustainability strategy. At the heart of this sustainability strategy is the commitment to become a net zero bank. Further information can be found at:

[Commerzbank AG - Strategy](#)

The transformation to a sustainable economy affects both the Bank and its clients. We aim to actively shape this transition. On the one hand, we empower clients to actively engage in the transformation towards sustainability. To this end, the Bank is further expanding its range of innovative, environmentally friendly products. On the other hand, the Bank is advancing its transformation. To this end, Commerzbank AG is setting a good example by steadily reducing its environmental footprint.

Commerzbank AG signed the Principles for Responsible Banking of UNEP FI back in 2019, thereby making a fundamental commitment to supporting the transformation of the real economy. With the net zero commitment, it is taking a significant and logical next step.

Commerzbank AG is one of the first global financial institutions to commit to completely neutralising its CO2 emissions by 2050 at the latest. This applies to the Bank's entire credit and investment portfolio. With its voluntary net zero commitment, the Bank is emphasising its determination to actively shape the sustainable transformation of the economy and society. In April 2021, the Bank therefore also became the first signatory to the Net-Zero Banking Alliance of the UNEP FI.

Commerzbank Asset Management does not currently have a forward-looking climate scenario. However, Asset Management is examining the implementation of a forward-looking climate scenario based on the experience gained from the climate scenario in the lending business.

6 Historical comparison

The Bank will publish a historical comparison for the first time on 30 June 2024, starting with the report for calendar year 2023.



COMMERZBANK

Commerzbank AG

Head Office:

Kaiserplatz

Frankfurt/Main

www.commerzbank.de

Postal address

60261 Frankfurt/Main

