



**BANKING.
SUSTAINABLE.**

Commerzbank Sustainable Finance Framework

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1. Our Motivation

Foreword by the Chairman of the Board of Managing Directors

We act as a reliable partner at our clients' side. Increasingly, this also means accompanying them on their transformation path into a sustainable economy.

Sustainability is one out of four cornerstones of our new strategy "Commerzbank 2024". In practical terms, this means: We support the transformation to a sustainable economy with our core business and set a good example through our own banking operations.

We are expressly committed to the goals of the Paris Agreement. In addition to limiting global warming to well below two degrees Celsius by the end of the century, we want to do our part to align global financial flows with the goals of the Paris Agreement and thus promote climate-resilient development. Our commitment to Net Zero underlines our ambitions. We are dedicated to reduce CO2 emissions of our entire lending and investment portfolio to net zero by 2050 at the latest and for our own banking operations by 2040.

To achieve this goal, we want to continuously expand the range of sustainable products in our business segments. We have set ourselves the ambitious goal of mobilising a sustainable business volume of more than 300 billion euros by 2025. With this framework, we disclose the criteria according to which we classify products as sustainable while making the composition of the sustainable business volume transparent. All products share that they have an environmental or social benefit or contribute in a positive way to a social or environmental target.

In line with the further development of our product range and regulatory requirements, we will continuously adjust this framework and report regularly, at least once a year, on our progress.

With best wishes.

Yours,

Manfred Knof



2. Definition of the Sustainable Business Volume

2.1 Products in the Business Segment Private and Small-Business Customers

2.1.1 Green Mortgage

Commerzbank's Green Mortgage loans offer preferential financing conditions for the acquisition, construction, or modernisation of buildings whose final energy demand is less than 75 kWh per square metre of usable floor space.

Buildings in these energy classes are currently among the 15% most energy-efficient buildings in Germany in relation to the existing building stock and are thus as of now to be classified as sustainable. Proof of the final energy demand is provided via the client's energy certificate and recorded by Commerzbank.

Commerzbank includes the entire portfolio of Green Mortgage loans in its sustainable business volume.

2.1.2 KfW Programmes for Private and Small-Business Customers

All financing activities related to the following KfW programmes are classified as sustainable products within Commerzbank:

- Energy-efficient Refurbishment (KfW programme 151, 152)
- Energy-efficient Construction (KfW programme 153)
- Energy-efficient Refurbishment – Supplementary Loan (KfW programme 168)
- Renewable Energies Programme – Standard (KfW programme 270)
- KfW Programme Renewable Energy (KfW programme 271)
- KfW Energy Efficiency Programme – Energy Efficient Construction and Refurbishment (KfW programme 276, 277, 278) commercial Energy Efficiency

Commerzbank includes the entire portfolio of granted loans referring to these products in the sustainable business volume.

Additionally, future programmes with an explicit ecological benefit will be included from the moment of their availability.

2.1.3 Asset Management

Commerzbank offers high-net-worth individuals and corporate customers individualized sustainable asset management that considers environmental and social aspects as well as criteria of good governance, thus ensuring responsible investments. On the equity side, investments are made particularly in individual stock. Commerzbank uses clearly defined ESG exclusion criteria for both stocks and bonds and further applies a best-in-class approach for sustainability ratings (MSCI ESG Research). Investment funds are only allocated if they have above-average ESG ratings.

Commerzbank adds its sustainable asset management fully to the bank's sustainable business volume.

2.1.4 Securities Advisory

For the securities business, Commerzbank uses a classification in accordance with the EU Disclosure Regulation (EU Regulation 2019/2088). The bank differentiates between:

- **No classification:** All products that are not covered by Article 8 or 9 of the EU Disclosure Regulation.
- **„Article 8 Product“:** A financial product (e.g. investment fund) that promotes environmental and social characteristics as part of its investment strategy.
- **„Article 9 Product“:** A financial product (e.g. investment fund) that, as part of its investment strategy, has sustainable investment as its objective within the meaning of the EU Disclosure Regulation.

All assets under management in the categories „Article 8“ and „Article 9“ are considered sustainable products at Commerzbank. These criteria will be reviewed in 2022 as further regulatory requirements are expected.

2.1.5 klimaVest

klimaVest is an investment fund for private investors that combines the aspects of *sustainability* and *return* in the form of an „impact fund“. Due to its conception as an ELTIF (European Long-Term Investment Fund), klimaVest invests primarily in sustainable real assets such as onshore and offshore wind farms or photovoltaics and therefore makes these assets accessible to private investors as a diversified portfolio. klimaVest contributes to the achievement of environmental objectives, in particular climate change mitigation and climate change adaptation as defined by the EU Taxonomy. In addition, environmental objectives outlined by the EU Taxonomy may not be significantly negatively affected ("Do No Significant Harm" principle) and minimum standards regarding social and governance aspects are ensured.

klimaVest meets the requirements of Article 9 of the Disclosure Regulation (impact product). Commerzbank includes the entire volume of the fund in the sustainable business volume. (Sustainable business volume from klimaVest that is already accounted for as part of category "2.1.4 Securities Advisory" is not considered twice.)

2.1.6 HausInvest

HausInvest is a distributing open-end real estate mutual fund of Commerz Real for private investors.

HausInvest meets the requirements of Article 8 of the Disclosure Regulation. Properties that the fund invests in are assessed using a set of defined ESG criteria. The assessment is made both prior to and regularly after the acquisition of the property.

Commerzbank includes the entire volume of the fund in the sustainable business volume. (Sustainable business volume from HausInvest that is already accounted for as part of category "2.1.4 Securities Advisory" is not considered twice.)

2.1.7 Pensions

Allianz's security assets and KomfortDynamik special assets consider environmental and social criteria in accordance with Allianz's sustainable investment strategy. Thus, all investments held entirely in the security assets and KomfortDynamik special assets volume are considered sustainable.

Commerzbank includes respective new business in the bank's sustainable business volume.

2.1.8 Securities business comdirect and onvista

The volume of products defined as ESG products in accordance with the EU Disclosure Regulation is included in the sustainable business volume (assets under management).

2.2 Products in the Business Segment Corporate Clients

2.2.1 Financing of Renewable Energies

Project and corporate finance for renewable energies, e.g. wind power (onshore, offshore) and solar power (photovoltaics, solar-thermal plants) as well as related storage technologies, is pooled in a specialised competence centre at Commerzbank.

Commerzbank includes the overall Exposure at Default of renewable energy financing in its sustainable business volume.

2.2.2 Sustainable Bonds

Commerzbank defines all Green, Social, Sustainability, and Sustainability-linked Bonds which are issued under the relevant Green, Social, Sustainability, and Sustainability-linked Bond Principles resp. the Guidelines of the International Capital Markets Association (ICMA) as sustainable products.

The principles and guidelines are a voluntary standard for the issuance of such products. They ensure the high quality of the emission process, the standardisation of the products, and the transparency of the use of proceeds and are established in the international capital markets.

Commerzbank includes the overall volume of sustainable bonds which have been issued with Commerzbank acting as Bookrunner or Joint Lead Manager in the respective financial year in its sustainable business volume of the given year.

2.2.3 Sustainable Loans and Promissory Note Loans

Commerzbank defines syndicated loans and promissory note loans whose proceeds explicitly serve sustainable projects or whose interest is linked to the achievement or non-achievement of previously defined sustainability benchmarks of the borrower, and which consider the Loan Market Association's Green Loan Principles or Sustainability Linked Loan Principles as sustainable products.

Commerzbank includes the overall volume of these products which have been primarily coordinated, structured, and syndicated resp. placed by Commerzbank in the respective financial year, or in which the Bank participated, in its sustainable business volume of the given year.

2.2.4 KfW Programmes for Corporate Clients

All financing activities related to the following KfW programmes are classified as sustainable within Commerzbank:

- Climate protection offensive for medium-sized businesses (KfW programme 293)
- Renewable Energies Programme – Standard (KfW programme 270)
- KfW Energy Efficiency Programme – Energy-Efficient Construction and Refurbishment (KfW programme 276, 277, 278)
- KfW Energy Efficiency and Process Heat from Renewable Energies Programme (KfW programme 295)
- KfW Energy Efficiency Programme – Production Facilities and Processes (KfW programme 292)
- Federal Funding for Efficient Buildings (KfW programme 263) *Added 07/21*

Commerzbank includes the overall volume of granted loans in these programmes into the sustainable business volume.

Additionally, future programmes with an explicit ecological benefit will be included from the moment of their availability.

2.2.5. Investment Management

For the securities business, Commerzbank uses a classification in accordance with the EU Disclosure Regulation (see chapter 2.1.4). In the business segment Corporate Clients all assets under management in the categories “Article 8” and “Article 9” are considered sustainable. This also includes sustainable funds (e.g. klimaVest, HausInvest), sustainable bonds, and sustainable products offered by third parties.

Furthermore, assets that the business segment Corporate Clients provides to external asset managers under a cooperation agreement (e.g. special funds) as well as investments into corporations with a recognized sustainability strategy, are added into the sustainable business volume.

3. EU Taxonomy

The Taxonomy elaborated by the European Union defines criteria under which individual economic activities qualify as sustainable. Six overarching environmental objectives are at the heart of the classification system. Currently, the EU Taxonomy focuses on environmental objectives, especially on those measures that contribute to climate change mitigation and climate change adaptation. For these two environmental objectives, technical screening criteria are defined, the application of which is mandatory for the Bank’s new business in the future.

The EU will elaborate and publish technical screening criteria for the Taxonomy’s remaining environmental objectives in due time. These include the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution and prevention and control, as well as the protection and restoration of biodiversity and ecosystems.

Based on the Taxonomy covering environmental objectives, further taxonomies addressing social sustainability and sustainable governance will be drafted by the EU.

In its final form, the EU will provide a comprehensive catalogue of criteria which allows financial market participants to assess, disclose, and report their degree of sustainability according to the EU Taxonomy.

Through applying the Taxonomy – given that criteria are available for application – Commerzbank will be able to assess its new business using these criteria and evaluate the sustainability of an individual product or financing activity in the sense of the EU Taxonomy.

In the future, all products and financing activities defined as sustainable within the meaning of the EU Taxonomy will be added to the sustainable business volume.