



Sustainability@Commerzbank | Issue 15 | June 2018

## "Policy Framework for Handling Environmental and Social Risks in its Core Business" re-defined

Corporate Responsibility Newsletter

**Dear Sir or Madam,**

Banks can play a decisive role in the realisation of a sustainable development. In this conjunction, the question as to how they deal with environmental and social risks in their core business, e.g. in respect of credit decisions, is substantial. As early as in the year 2008, Commerzbank defined a management approach as to how to deal with these risks. The early detection and management of ecological and social risks forms the task of a dedicated unit, Reputational Risk Management.

Since 2008, Commerzbank has been constantly expanding the list of issues which it has observed and evaluated via Reputational Risk Management. At the beginning of 2018, the Bank published a "Policy Framework for Handling Environmental and Social Risks in its Core Business". Amongst others, it elucidates the management of these risks within the Bank and describes the process of risk management in respect of ecological and social risks.

In addition, the framework lists general exclusion criteria that stipulate which businesses Commerzbank generally does not support. This includes, for example, the financing of new coal-fired power plants or project financing in connection with fracking or Arctic drilling, i.e. the drilling for oil in the Arctic deep sea. The framework includes a table which provides a clear overview of further exclusion criteria.

Moreover, overarching requirements with regard to the respect for human rights and the protection of indigenous peoples are also described. These topics are taken into consideration during all checks conducted by Reputational Risk Management, regardless of the financed technology or the technical framework conditions of the respective project.

With regard to issues which are particularly vulnerable to social and ecological risks, the Bank has formulated sector-specific requirements. In addition to the areas of mining, energy and food staples, they include the fields of agriculture and forestry, oil and gas, as well as the entire area of armaments, with regard to which Commerzbank implemented its own policy that was adopted by the Board of Managing Directors in a binding manner for the entire company in 2008.

"As a whole, the Policy Framework for Handling Environmental and Social Risks in its Core Business is aimed at making a contribution towards more transparency with regard to existing processes, requirements and guidelines," states Volker Moege, head of Reputational-Risk Management at Commerzbank. The framework will be reviewed on a regular basis and adjusted as required - as will the processes and guidelines described therein. The framework is published on the Commerzbank pages. ► **More**

## Commerzbank supports sustainable bonds

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In April 2018, Berlin Hyp issued - with support from Commerzbank - its third green senior unsecured bond. The ten-year emission with a volume of EUR 500 million offers investors a coupon of 1.50% in interest. Berlin Hyp uses the proceeds from the emission to refinance loans for green buildings. For Berlin Hyp, this represented the fifth Green Bond placement on the capital market.

In addition, Caja Rural de Navarra, which is based in Spain, successfully placed a sustainable Covered Bond (Cédulas Hipotecarias) amounting to EUR 500 million in April 2018. The bond has a term of seven years and bears interest amounting to 0.875%. In its function as joint bookrunner, Commerzbank assumed lead responsibility for the transaction. Moreover, Commerzbank also had lead responsibility for the first green bond issued by the Spanish BBVA in May 2018. The transaction, which had a volume of EUR 1 billion, runs for term of 7 years and offers an interest rate of 1.375%. ► **More**

## German Action Days: Sustainability

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The German Action Days: Sustainability - organised by the Council for Sustainable Development and European Sustainability Week – took place from 30 May to 5 June 2018. Commerzbank was participating in the Action Days this year as well, with a film-screening in order to provide thought-provoking impulses with regard to topic of sustainability. The documentary film "A Plastic Ocean" invited those interested to learn more about the impact of global plastic consumption. In 2017, the film was awarded the Deutsche Umwelthilfe "UmweltMedienpreis" [Environmental Media Prize].

## First school in Hesse distinguished for exemplary consumer education

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This year, the Federal Association of Consumer Protection (vzbv) conferred the distinction "Verbraucherschule" [Consumer School] for the second time for special engagement in the area of consumer education. A total of 32 schools from 13 Federal States were distinguished for their hands-on communication of consumer-related issues dealing with consumption and consumer rights. On 18 May 2018, the Frankfurt-based Heinrich-von-Gagern-Gymnasium received the silver award from Consumer Protection Minister Priska Hinz and Minister of Education and Arts Prof. R. Alexander Lorz as the first school from Hesse to be conferred with the honour.

The Commerzbank Foundation supports the Verbraucherschule project organised by the

German Foundation for Consumer Affairs because it helps to teach children and the youth how to reflectively deal with today's world of consumerism. Consumer education is aimed at teaching consumers to take confident and self-determined decisions, and allows young people in particular in shaping their lives for themselves and vis-à-vis others in a responsible manner. ► **More (German only)**

## Financing of largest solar-energy project in Latin America concluded

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Thanks to a financing deal amounting to USD 758 million, the completion of the first solar-energy park of its kind in Latin America is now guaranteed.

The project, which is a combination of a concentrated solar power (CSP) plant and a photovoltaic plant, is located in the Atacama Desert in Chile. This region is hit by some of the strongest solar radiation in the world. With a total capacity of 210 megawatts, this power plant will supply Chile with clean energy, while saving around 870,000 tonnes of CO<sub>2</sub> annually.

The financing deal - amounting to USD 758 million - was realised by Commerzbank together with a group of international financial institutions and participation by local banks.

Commerzbank has been financing projects in the area of renewable energy for over 30 years. In 2003, a centre of competence dedicated to this purpose was founded and is now amongst the largest financiers of renewable energy. ► **More**

## Non-financial report according to the CSR-Guidelines Implementation Act

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For the 2017 fiscal year, Commerzbank issued a separate, summarised non-financial report for the first time. It is published in the 2017 Annual Report and archived separately on the internet pages of the Bank. In this manner, the Bank is complying with the new statutory requirements of the so-called CSR-Guidelines Implementation Act.

Commerzbank welcomes the European directive on the disclosure of non-financial and diversity-related information, according to which questions pertaining to corporate social responsibility have to be included in corporate management and reporting. ► **More**

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### Imprint

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