



COMMERZBANK

# Information on Commerzbank AG Asset Management

LEI: 851WYGNLUQLFZBSYGB56

Disclosure statement on principal  
adverse impacts of investment  
decisions on sustainability factors

30/06/26



**The Bank at your side**

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# 1 Summary

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 principal adverse impacts of investment decisions on the sustainability factors in accordance with the EU Sustainable Finance Disclosure Regulation. It relates to the period from 1 January to 31 December 2025.

Sustainability is an integral part of the Commerzbank Group strategy. Commerzbank AG aims to reduce CO2 emissions from its loan portfolio and proprietary investments (Group Treasury) to net zero by 2050 at the latest. This goal is based, among other things, on the European Green Deal, which is designed to shape the transition to an economy with zero net greenhouse gas emissions.

Commerzbank AG Asset Management considers the principal adverse impacts of its investment decisions on sustainability indicators.

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 impacts of their investment decisions than product lines without such a strategy. There are also differences regarding the assessment of adverse sustainability impacts if specific product lines are limited to certain investment instruments such as exchange-traded products (ETPs) or investment funds.

Commerzbank AG generally takes into account minimum standards, such as ESG ratings and exclusion criteria, in all its Asset Management; for further details please refer to chapter 3. Commerzbank AG Asset Management is a signatory of the UN PRI principles (United Nations 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 United Nations 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 (Guidelines of the Organisation for Economic Cooperation and Development) for Multinational Enterprises.

When investing directly in securities issued by countries, we exclude issuers that commit serious violations of democracy and human rights.

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 impacts 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 considers any adverse impacts on sustainability.

The sustainability impacts 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 principal adverse 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 principal adverse impacts. For ETPs and investment funds, the assessment of investment products is based on the information on principal adverse impacts disclosed by fund management companies or provided by MSCI.

Where products are assessed as broadly comparable, preference is given to those that are rated better with regard to sustainability aspects.

## 2 Explanation of the principal adverse impacts of investment decisions on sustainability factors

This section explains to what extent Commerzbank Asset Management's investments in the respective calendar year have a negative impact on environmental and/or social factors and on sustainable corporate governance. We use 18 mandatory indicators and two select indicators in accordance with the Disclosure Regulation to measure the adverse impacts on the sustainability factors.

To compensate for market fluctuations, we take into account the current value of investment (CVI) for mandatory indicators 1 (greenhouse gas emissions), 2 (carbon footprint), 8 (water emissions), 9 (proportion of hazardous and radioactive waste) and the additional selected indicator 14 (number of cases of serious human rights violations and other incidents). As CVI data was not available in the year 2022, we publish calculation results with and without CVI for the year 2023 only to improve data comparability.

Following the restructuring of Commerzbank AG's asset management business, the sustainability strategy applied in the investment process was reassessed with regard to individual indicators. The results of this review are set out under the respective indicators.

Details on the individual product lines can be found in the sustainability-related product disclosures of the individual product lines [here](#).

Against the background of the political discussions on increasing the defense expenditure of NATO member states and a NATO decision to this effect in June 2025, Commerzbank AG has decided to discontinue without replacement the defined exclusion criterion relating to countries' defence budgets for direct investments in government bonds (no more than 3% of GDP for sustainable mandates or no more than 4% of GDP for all mandates). Further information on the exclusion criteria for investments by Commerzbank AG's asset management can be found under the following link: [Regulatorik – gesetzliche und rechtliche Vorgaben – Commerzbank](#).

Asset management at Commerzbank AG implements the measures listed in the table below.

Sustainability indicator for adverse impacts	Parameter	Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
<b>Climate indicators and other environmental indicators</b>							
Greenhouse gas emissions	1. Greenhouse gas emissions (GHG emissions in tonnes of CO2)	Scope 1 greenhouse gas emissions (direct release of emissions within the company)	732.087,06 95,35%	833.956,49 93,59%	944.071,95 90,44% (with CVI)	840.819,63 72,23%	In certain product lines, significant adverse impacts on sustainability factors are taken into account by exclusion criteria, which in particular limit the proportion of fossil fuels.  Companies that generate more than 10% of their turnover from the production of thermal coal are largely excluded. In some product lines, this also applies to companies that produce thermal coal or generate more than 10% of their revenues from coal-fired power generation. The aim is to reduce the CO2 intensity and thus achieve lower greenhouse gas emissions compared to the reference benchmark of the share component.
		Scope 2 greenhouse gas emissions (indirect release of emissions by energy providers)	164.526,30 95,36%	184.733,06 93,59%	194.253,12 90,40% (with CVI)	178.184,81 72,14%	
	Scope 3 greenhouse gas emissions (indirect release of emissions produced across the value chain)	6.331.426,59 95,45%	7.103.617,25 93,53%	5.144.578,35 89,65% (with CVI)	5.243.390,02 72,08%		
		Total GHG emissions (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)	7.228.039,95 95,39%	8.122.306,80 93,57%	6.282.903,42 90,16% (with CVI)	6.262.394,46 72,15%	
					6.409.247,72 73,99% (without CVI)	5.243.390,02 72,08%	
					181.500,99 74,75% (without CVI)	178.184,81 72,14%	
					857.497,49 74,78% (without CVI)	840.819,63 72,23%	
					7.448.246,20 74,51% (without CVI)	6.262.394,46 72,15%	

Sustainability indicator for adverse impacts	Parameter	Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
2. CO2 footprint	CO2 footprint (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.)	478,27	571,46	592,66		In portfolio management, we will continue to use the CO2 intensity instead of the CO2 footprint in the sustainable product lines, as the CO2 intensity enables better comparability of the climate performance of individual companies – regardless of the size of the respective investment. A change to the CO2 footprint is therefore currently not considered sensible.
		95,41%	93,44%	89,56% (with CVI)		
				447,64	444,34	
				73,92% (without CVI)	71,87%	
3. GHG emissions intensity	GHG emissions intensity of investee companies (Portfolio-weighted average of the total intensity of the companies' GHG emissions per million EUR revenues (t/million EUR revenues))	903,08	904,27	866,59	1.032,03	Certain product lines aim to achieve a CO2 intensity of equity investments that is at least 10% below the reference benchmark of the share component.
		97,32%	97,88%	95,39%	75,30%	
4. Exposure to companies operating in the fossil fuel sector	Share of investments in companies operating in the fossil fuel sector	9,37%	11,18%	9,52%	7,53%	Commitment to fossil fuel companies is limited. Producers of thermal coal with more than 10% share of turnover (% turnover = share of turnover) are mostly excluded.
		96,98%	97,90%	96,38%	76,09%	
						Additional exclusion criteria apply in some product lines. Excluded are companies with: -Production of thermal coal > 0% turnover -Power generation from coal-fired power plants > 10% turnover -extraction of oil sands > 0% turnover -Mining of oil and gas in the Arctic > 0% turnover -Fracking > 0% sales

Sustainability indicator for adverse impacts	Parameter	Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
5. Share of energy consumption and production from non-Renewable energy sources	Share of energy consumption and production of companies invested in from non-renewable energy sources relative to renewable energy sources, as a percentage of total energy sources. <i>(Portfolio-weighted average)</i>	59,51%	61,26	67,84%	74,24%	Asset management aims to reduce the share of non-renewable energy sources in some product lines. For this purpose, the exclusion criteria listed in Chapter 3 are used within the investment process.	
		88,08%	86,02%	80,95%	66,96%		
6. Intensity of energy consumption by climate Intensive sector	Energy consumption in gigawatt hours (GWh) per million EUR Revenue of investee companies, broken down by climate-intensive sectors <i>(Portfolio-weighted average)</i>	89,43%	88,07%	80,23%	63,13%	The indicator 'intensity of energy consumption by climate-intensive sectors' is not used as an active control measure in the investment process at this time, as the market data required for this is currently insufficient in terms of availability, consistency and coverage. Against this background, we continue to focus on the direct emission-related indicator of CO2 intensity, which serves as a central and currently more reliable control parameter in our investment decision processes.	
			(Coverage rate for the entire indicator)	(Coverage rate for the entire indicator)	(Coverage rate for the entire indicator)		
		A - Agriculture, forestry and fishing	0,22	0,32	0,57		1,43
		B - Mining and quarrying	1,68	1,74	1,81		5,28
		C - Manufacturing	0,83	0,97	0,52		0,64
		D - Energy supply	2,51	2,38	3,58		5,19
		E - Water supply, sewerage, waste management and remediation activities	1,27	2,03	2,64		2,35
		Remediation activities					
		F - Construction	0,16	0,15	0,19		0,24
		G - Wholesale and retail trade; Repair of motor vehicles	1,1	0,13	0,17		0,32
H - Transportation and storage	0,8	1,00	0,91	1,09			
L - Real estate and housing	1,37	0,70	0,61	0,57			

Sustainability indicator for adverse impacts		Parameter	Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
Bio-diversity	7. Activities that adversely affect areas with fragile biodiversity	Share of investments in companies with sites/operations in or near areas of fragile biodiversity where company activities adversely affect these areas <i>(Portfolio-weighted average)</i>	0,12%	0,04%	0,26%	0,02%	We do not make direct investments in companies where serious violations of the principles of the UN Global Compact have been identified. These violations relate, among other things, minimum environmental standards and exclude companies that have a significant negative impact on biodiversity and on the protection and restoration of ecosystems. In exceptional cases, investments can still be made, provided that our analysts see a clearly positive development perspective for the company in question. In addition, biodiversity is an integral part of our ESG ratings and is thus systematically incorporated into the investment process.	
			97,35%	98,14%	96,42%	76,09%		
Water	8. Water emissions	Tonnes of water emissions generated by invested companies per EUR million invested, measured 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>	3,82	8,93	82,17		Direct investments in companies are excluded if serious violations of the principles of the UN Global Compact have been identified. These principles include, among other things, minimum environmental standards and therefore exclude companies that have a significant negative impact on the sustainable use and protection of water and marine resources. In justified exceptional cases, investments can nevertheless be made, provided that Commerzbank's analysts find a positive perspective for the future development of the company. The significant reduction compared to 2024 is primarily due to bonds that have matured.	
			13,29%	9,92%	8,8% (with CVI)	15,04		55,01
					7,08% (without CVI)			10,96%
Waste	9. Share of hazardous and radioactive waste	Tonnes of hazardous and radioactive waste generated by companies invested in per EUR million invested, measured 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>	2,99	3,90	8,93		The proportion of hazardous and radioactive waste is not currently integrated as an immediate target in Commerzbank Asset Management's investment process. In view of the minimum ESG rating requirement for issuers, MSCI ESG Research takes indirect account of this requirement in the context of rating preparation. This aspect is taken into account in selected product lines, which exclude, for example, the production of nuclear energy and the extraction of uranium.	
			68,83%	60,07%	39,06% (with CVI)			
					3,5			10,43
				32,04% (without CVI)		31,82%		

Sustainability indicator for adverse impacts	Parameter	Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
<b>Indicators in the areas of social affairs &amp; employment, respect for human rights &amp; combating corruption and bribery</b>							
Social affairs and employment	10. Violations of the Principles of the UNGC and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in companies involved in violations of the Principles of the UNGC or the OECD Guidelines for Multinational Enterprises.	0,07% 88,68%	0,07% 90,10%	0,62% 96,86%	0,85% 76,94%	Serious violations of the principles of the UN Global Compact by companies (without a positive perspective) in which asset management through direct investments is invested are used as an exclusion criterion. This is based on the principle that investments are in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.
	11. Absence of processes and compliance mechanisms to monitor with the Principles of the UNGC and the OECD Guidelines for Multinational Enterprises	Share of investments in companies without policies for monitoring compliance with the Principles of the UNGC and the OECD Guidelines for Multinational Enterprises or established procedures to address allegations of non-compliance with the Principles of the UNGC and the OECD Guidelines for Multinational Enterprises.	11,67% 97,06%	22,39% 97,99%	30,28% 96,31%	26,60% 75,29%	Companies in which we invest directly must respect the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. If we detect serious violations and no identifiable positive development is foreseeable, we will exclude these companies from investing. In addition, we do not check whether the companies have appropriate internal processes and compliance structures.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	12,90% 58,52%	13,95% 51,99%	15,4% 28,7%	14,45% 20,71%	Only serious violations of the principles of the UN Global Compact (elimination of discrimination in employment and employment) are excluded.
<i>(Portfolio-weighted average)</i>							

Sustainability indicator for adverse impacts	Parameter	Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
13. Gender diversity in executive and supervisory bodies	Average ratio of women to men in executive and supervisory bodies of companies invested in, measured as a percentage of all members of executive and supervisory bodies.  <i>(Portfolio-weighted average)</i>	37,14% 94,69%	36,26% 96,64%	35,88 % 92,14%	35,09% 75,32%	Only serious violations of the principles of the UN Global Compact (elimination of discrimination in employment and employment) are excluded.
14. Involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical/biological weapons)	Share of investments in companies involved in the manufacture or sale of controversial weapons.  <i>(Portfolio-weighted average)</i>	0,06% 95,98%	0,03% 98,16%	0,03 % 96,47%	0,03% 76,09%	Asset management does not make direct investments in equities and bonds of producers of controversial weapons. Minor holdings may result from investment funds.

**Indicators for investments in countries and supranational organisations**

Environment	15. GHG emissions intensity	GHG emissions intensity of countries invested in  <i>(Portfolio-weighted average)</i>	184,95 14,18%	230,16 9,57%	302,72 6,19 %	257,35 9,96%	The greenhouse gas emission intensity of countries is not a direct target in Commerzbank Asset Management's investment process. In our sustainable asset management mandates, which invest directly in states, we take into account "lack of climate protection" by means of clear exclusion criteria:  It excludes investment in countries that have neither ratified the Kyoto Protocol nor the Paris Agreement (Paris Climate Agreement). Such countries are not invested in these mandates. For us, the ratification of international climate agreements is a clear and easy-to-understand indicator of a country's fundamental willingness to protect against climate change. The additional use of the GHG emission intensity as an exclusion criterion would not offer any significant added value here, as it primarily reflects the economic structure and is less transparent and robust to use as a hard exclusion parameter.
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Sustainability indicator for adverse impacts	Parameter		Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
Social	16. Countries invested in that violate social standards	Number of countries invested in that violate social regulations according to international treaties and conventions, the United Nations Principles or, if applicable, national legislation <i>(absolute number and relative number divided by all countries invested in)</i>	8 6,80%	8 6,84%	9 10,92 %	8 6,61%	In the case of direct investment, we exclude states that violate basic social standards. Exclusion is based on the Freedom House Index: No investment is made in countries classified by Freedom House as "non-free".  Within the framework of sustainable asset management mandates, we expect the capital management company to sign the UN Principles for Responsible Investment (UN PRI) for the integration of human rights-related aspects as a minimum standard for indirect investments via investment funds.

### Indicators for real estate investments

Fossil fuels	17. Exposure to fossil fuels via investments in real estate	Share of investments in real estate related to the extraction, storage, transport or production of fossil fuels.	Not available	Not available	Not available	Not available	To date, the relevant capital management companies of the open-ended real estate funds have not published any information for the calendar year 2025.
Energy efficiency	18. Exposure to real estate with poor energy efficiency	Share of investments in real estate with poor energy efficiency	Not available	Not available	Not available	Not available	To date, the relevant capital management companies of the open-ended real estate funds have not published any information for the calendar year 2025.

Sustainability indicator for adverse impacts	Parameter		Impact in 2025 & coverage rate	Impact in 2024 & coverage rate	Impact in 2023 & coverage rate	Impact in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
<b>Additional indicators to measure principal adverse impacts on sustainability factors</b>								
Emissions	4. Investments in companies not implementing initiatives to reduce CO2 emissions	Share of investments in companies that do not implement initiatives to reduce CO2 emissions in line with the Paris Climate Agreement	37,64% 96,55%	28,09% 97,49%	27,59% 94,91%	30,07% 74,86%	Our review of whether future corporate decarbonization targets should be integrated into the investment process has shown that this does not currently seem sensible. The general corporate trend shows a significant softening, postponement or withdrawal of previously ambitious CO2 targets. The integration of such a metric into the portfolio design would therefore involve high uncertainties and limitations that are currently not in line with the customer's interest. An evaluation of the information available to us from our data provider MSCI confirms this assessment.	
Human rights	14. Number of cases of serious human rights violations and other incidents	Weighted average of cases of serious human rights violations and other incidents related to companies invested in	0,01% 95,52%	0,01% 95,29%	0,02% (with CVI) 45,6%	0,01% (without CVI) 39,63%	0,00% 38,21%	The weighted average of cases of serious human rights violations and other incidents involving companies in which investments are made is not integrated into Commerzbank Asset Management's investment process as an independent quantitative target. However, we indirectly take this target into account through our exclusion criteria – in particular through our orientation toward the principles of the UN Global Compact. As part of our investment strategy, we pay attention to compliance with basic human rights standards. Companies that violate the principles of the UN Global Compact, especially in the area of human rights and labor standards, will not be included in the investable universe. The audit we have announced has shown that the global market standard in the capital market for investors is UNGC, which we assume is the minimum standard. We want to continue to do so in the future and not make any major expansion.
		<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>						

# 3 Description of strategies for identifying and prioritising principal adverse impacts 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 Group Sustainability Board with the participation of the responsible members of the Board of Managing Directors confirmed and approved the ESG strategy of Commerzbank AG Asset Management on October 25, 2023.

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

As a general rule, the asset management of Commerzbank AG 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 to all our asset management portfolios for

- 1) direct investments in equities and bonds
- 2) investment funds.

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 investments in companies, countries and investment funds to consider the identified principal adverse impacts of investment decisions on sustainability factors.

## 1.) Direct investments in equities and bonds

### **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).

#### 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)

This means that an investment is possible as an exception in the case of violations of the UN Global Compact as determined by MSCI ESG Research if the analyst covering the corporate issuer assesses a positive outlook regarding the underlying violation. This may be the case, for example, if the company has taken credible measures to resolve the violation.

### 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 | International Labour Organization](#) 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):**

- Sovereign issuers 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

### 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 sustainable product lines of the Commerzbank brand also take into account other exclusion criteria that can be found in the product disclosures of the respective product lines [here](#).

## 2.) Investment funds.

### 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 for Asset Management is based on the sustainability strategy of Commerzbank AG and takes the relevant aspects into account in the context of its analysis process in the step 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 to regular calculation at the level of the sustainable model portfolio. The focus is, in particular, on the objective of reducing CO2 intensity.

Further criteria apply to the sustainable mandate lines of Commerzbank-branded asset management; these are detailed in the product disclosures for the respective mandate lines [here](#).

The fund selection process of the comdirect brand 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 | International Labour Organization](#) 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 the selection of ETCs: cominvest green customer 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 Asset Management has selected the optional indicators

- "Investments in companies lacking initiatives to reduce CO2 emissions" (Indicator 4 from Table 2 in accordance with the Disclosure Regulation)

and

- "Number of cases of severe human rights violations and other incidents" (Indicator 14 from Table 3 in accordance with the Disclosure Regulation),

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.

Reference to a code of good governance and internationally recognized standards for due diligence and reporting:

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 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 for real estate investments, we attempted to obtain relevant information from capital management companies of open-ended real estate funds via their published documents.

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 compensate for market fluctuations, we take into account the current value of investment (CVI) for indicators 1 (greenhouse gas emissions), 2 (carbon footprint), 8 (water emissions), 9 (proportion of hazardous and radioactive waste) and the additional selected indicator 14 (number of cases of serious human rights violations and other incidents). As CVI data was not yet available in the past year, we publish calculation results with and without CVI for the year 2023 in order to improve data comparability.

To ensure data quality, we implemented a process in which the input data is checked for completeness and plausibility 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 Engagement policy

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

The Bank usually exercises the voting rights attached to securities held in custody on behalf of its custody account clients. This is based on a proxy for the exercise of voting rights, which can also be granted as a standing 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 custody account clients the exercise of voting rights – must make accessible to them, in due time, its own recommendations on the exercise of voting rights for the individual agenda items. Commerzbank AG does this via the following website:

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

Section 135(2) of the German Stock Corporation Act (AktG) specifies in this respect that, when making recommendations on the exercise of voting rights, the Bank must be guided by the interests of the shareholders and must take organisational measures to ensure that interests from other business units do not influence those recommendations. 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 must inform its custody account clients of this fact. The same applies if the Bank holds a notifiable shareholding in the company pursuant to section 33 of the German Securities Trading Act (WpHG), or if the Bank was a member of a syndicate that underwrote the company's most recent securities issue within the preceding five years. Therefore, the Board of Managing Directors has assigned the exercise of custody voting rights attached to securities held in custody to a business division that operates completely independently of the Bank's investment decisions. As such, the Bank's own interests — including those arising from asset management or proprietary investments — are not reflected in those recommendations. The engagement policy applied by Commerzbank AG in its capacity 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 following internationally recognized standards are taken into account in the investment strategy of Commerzbank AG's asset management, together with the exclusion criteria applied:

- For direct investments in shares and corporate bonds: UNGC (United Nations Global Compact) and ILO ([ILO Declaration on Fundamental Principles and Rights at Work](#))
- For direct investments in government bonds: Freedom House Index and Transparency International Corruption Index

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 has been part of Commerzbank's corporate strategy since 2020. The heart of the bank's sustainability strategy is the commitment to become a net zero bank. Further information can be found under this [link](#).

The transformation to a sustainable economy affects both the Bank and its customers. We aim to actively shape this transition. On the one hand, we empower customers 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 CO<sub>2</sub> emissions by 2050 at the latest. This applies to the Bank's entire credit portfolio and proprietary investments (Group Treasury). 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.

The result of the examination as to whether a future-oriented climate scenario should be implemented in the asset management of Commerzbank AG, building on the experience of the climate scenario of the credit business, has been completed. Currently, the inclusion of a climate scenario in the investment process of asset management is not planned. The Sustainability mandate line already takes into account the CO<sub>2</sub> intensity and aims to reduce it compared to the equity benchmark.

Commerzbank AG Asset Management has selected the optional indicators

- “Investments in companies lacking initiatives to reduce CO2 emissions” (Indicator 4 from Table 2 in accordance with the Disclosure Regulation)

and

- “Number of cases of severe human rights violations and other incidents” (Indicator 14 from Table 3 in accordance with the Disclosure Regulation),

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](#).



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