



COMMERZBANK

# Information on Commerzbank AG Asset Management

LEI: 851WYGNLUQLFZBSSGB56

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

28/06/2024



**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 principle 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 2023.

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 principle 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 (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.

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 ESG2 consideration. 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 effects 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.

## 2 Explanation of the principle 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 yet available in the past year, we publish calculation results with and without CVI for this year only to improve data comparability.

Commerzbank AG Asset Management implements the measures listed in the table below. The review results concerning the extent to which sustainability indicators will be taken into account to an even greater extent in Asset Management product lines in future to further reduce adverse sustainability effects have not yet been finalised. Detailed information on the individual product lines is provided in their sustainability-related product disclosures under this [link](#).

## Sustainability indicators for countries and companies

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects 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)	944,071.95		Commerzbank Asset Management considers material adverse effects 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 relative to the reference benchmark of the equity component.
			90.44% (with CVI)		
		<i>Sum weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i>	857,497.49	840,819.63	
			74.78 % (without CVI)	72.23%	
		Scope 2 greenhouse gas emissions (indirect release of emissions by energy providers)	194,253.12		
			90.40 % (with CVI)		
	<i>Sum weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i>	181,500.99	178,184.81		
		74.75 % (without CVI)	72.14%		
	Scope 3 greenhouse gas emissions (indirect release of emissions produced across the value chain)	5,144,578.35			
		89.65 % (with CVI)			
		6,409,247.72	5,243,390.02		
		73.99 % (without CVI)	72.08%		

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
	<i>Sum weighted by portfolio value of investments in a company and by the last available enterprise value including company cash</i>			
	Total GHG emissions	6,282,903.42		
		90.16 % (with CVI)		
	<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>		6,262,394.46	
		74.51 % (without CVI)	72.15%	
2. CO2 footprint	CO2 footprint	592.66		Selected Asset Management product lines are currently focussing on reducing CO2 intensity. We are currently again reviewing to switch our focus on the CO2 footprint for these product lines.
	<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>	89.56 % (with CVI)		
		447.64	444.34	
		73.92 % (without CVI)	71.87%	
3. GHG emissions intensity of	GHG emissions intensity companies invested in	866.59	1,032.03	Specific product lines aim to achieve a carbon intensity of equity investments that is at least 10% below the equity benchmark's carbon intensity.
		95.39 %	75.30%	

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
companies invested in	<i>Portfolio-weighted average of the total intensity of the companies' GHG emissions per million EUR revenues (t/million EUR revenues)</i>			
4. Exposure to companies operating in the fossil fuel sector	Share of investments in companies operating in the fossil fuel sector	9.52 % 96.38 %	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"> <li>○ 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%.</li> <li>○ Oil sands extraction with a revenue share of more than 0%</li> <li>○ Oil and gas extraction in the Arctic with a revenue share of more than 0%</li> <li>○ Fracking with a revenue share of more than 0%</li> </ul>
5. Share of energy consumption	Share of energy consumption and production of companies invested in from non-renewable energy sources relative to renewable energy	67.84 % 80.95 %	74.24% 66.96%	<p>Asset Management is aiming to reduce the share of non-renewable energy sources in some product lines. This is realised within the investment</p>



Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
and production from non-renewable energy sources	sources, as a percentage of total energy sources <i>Portfolio-weighted average</i>			process by using the exclusion criteria listed in Chapter 3.
6. Intensity of energy consumption by climate-intensive sector	Energy consumption in gigawatt hours (GWh) per million EUR Revenue of invested companies, broken down by climate-intensive sectors <i>Portfolio-weighted average</i>	80.23 % (coverage rate for total indicator)	63.13% (coverage rate for total indicator)	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 once again reviewing a future consideration.
	A - Agriculture, forestry and fishing	0.57	1.43	
	B - Mining and quarrying	1.81	5.28	
	C - Manufacturing	0.52	0.64	
	D - Energy supply	3.58	5.19	
	E - Water supply, sewerage, waste management and remediation activities	2.64	2.35	
	F - Construction	0.19	0.24	

Sustainability indicator for adverse effects		Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
		G - Wholesale and retail trade; Repair of motor vehicles	0.17	0.32	
		H - Transportation and storage	0.91	1.09	
		L - Real estate and housing	0.61	0.57	
Biodiversity	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>	0.26 % 96.42 %	0.02% 76.09%	We exclude direct investments in companies identified as being in serious breach of the Principles of the UN Global Compact. These include minimum environmental standards and thus sanction companies that have a significant adverse effect on the protection and restoration of biodiversity and ecosystems. In exceptional cases, we may invest in companies if Commerzbank AG analysts have assigned a positive outlook with regard to the company's individual environmental standards. In addition to the UN Global Compact, biodiversity is also a component of the ESG rating.

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
Water	8. Water emissions	tonnes of water emissions generated by invested companies per EUR million invested, measured as a weighted average	82.17 8.8 % (with CVI)	55.01 10.96%	We exclude direct investments in companies identified as being in serious breach of the Principles of the UN Global Compact. These include minimum environmental standards and thus sanction companies that have a significant adverse effect on the sustainable use and protection of water and marine resources. In exceptional cases, we may invest in companies if Commerzbank AG analysts have assigned a positive outlook with regard to the company's individual environmental standards.
		<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>	15.04 7.08 % (without CVI)		
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	8.93 39.06 % (with CVI)		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.
		<i>Sum of hazardous waste, weighted by value of investments in a company, divided by the last available enterprise value including company cash</i>	3.5 32.04 % (without CVI)	10.43 31.82%	

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
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The aspect is addressed directly in selected product lines that exclude nuclear energy production and uranium mining, for example.

We corrected the 2022 figure because of an error in data processing.

**Indicators in the areas of social affairs and employment, respect for human rights and combating corruption and bribery**

Social affairs and employment	10. Violations of the Principles of the UNGC and the Organisation for Economic Co-operation 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.	0.62 % 96.86 %	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 investments are in compliance 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 compliance with the Principles of the	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	30.28 % 96.31 %	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. Apart from

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
UNGC and the OECD Guidelines for Multinational Enterprises	OECD Guidelines for Multinational Enterprises.			reviewing for serious violations, there is no audit for missing processes and compliance mechanisms.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap for invested companies. <i>Portfolio-weighted average</i>	15.4 28.7 %	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. 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>	35.88 % 92.14 %	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. 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>	0.03 % 96.47 %	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. In the reporting year, we held a Boeing bond in custody for one of our customers. The bond was acquired in 2021 and sold after publication of this disclosure statement in 2023. At the initiative of another customer, we acquired and sold Boeing shares in the

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
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reporting year. Since 1 January 2024, we adjusted our processes to the effect that deviations from the Asset Management ESG strategy by individual customers are no longer permitted.

### Indicators for investments in countries and supranational organisations

Environment	15. GHG emissions intensity	GHG emissions intensity of countries invested in	302.72	257.35	The GHG emission intensity of countries invested in is presently not included as a target parameter in the investment process of Commerzbank Asset Management. We are once again reviewing a future consideration.
		<i>Portfolio-weighted average</i>	6.19 %	9.96%	
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 (absolute number and relative number divided by all countries invested in)	9	8	Direct investments are excluded using the Freedom House Index. We do not invest in countries that are categorised as "not free" by <a href="#">Freedom House</a> .
			10.92 %	6.61%	
			82.4 %	Not available	

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period
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In the reporting period, we held two Egyptian government bonds that violate the Freedom House Index for four customers in custody at their initiative. We removed one of these bonds from the asset management portfolio in the reporting year. The other bond was repaid by the issuer on 30 May 2024. At the initiative of another customer, we purchased two Turkish government bonds in 2022, which were sold during the reporting year. Since 1 January 2024, we adjusted our processes to the effect that deviations from the Asset Management ESG strategy by individual customers are no longer permitted.

Other investments in relevant countries were made indirectly via portfolios of investment funds held by Asset Management. We are currently reviewing again how to handle such exposure in future.

Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
<b>Indicators for real estate investments</b>					
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	To date, the relevant capital management companies of open-ended real estate funds have not published any information on this matter for the 2023 calendar year.
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	To date, the relevant capital management companies of open-ended real estate funds have not published any information on this matter for the 2023 calendar year.
<b>Additional indicators to measure principle 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	27.59 % 94.91 %	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 once again reviewing a future consideration.



Sustainability indicator for adverse effects	Parameter	Effects in 2023 & coverage rate	Effects in 2022 & coverage rate	Adopted and planned measures and targets for the next reference period	
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	0.02 % (with CVI)		The weighted average of cases of severe human rights violations and other incidents related to companies invested in is not presently included as a target parameter in the investment process of Commerzbank Asset Management. We are once again reviewing a future consideration. 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.
			45.6 %		
			0.01 % (without CVI)	0.00%	
		<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>	39.63 %	38.21%	

# 3 Description of strategies for identifying and prioritising principle 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 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.

As a general rule, 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 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 principle 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):**

- 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

### **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 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 main focus in this context is on the goal of reducing CO2 intensity.

The following criteria are assumed in the sustainable product lines of Asset Management under the Commerzbank brand:

- 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.

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 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 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.

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 this year only 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 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 customer 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 customers. 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 customers the exercise of voting rights - must make accessible to customers 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 customer. 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 aforementioned 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:

Sustainability has been an integral part of Commerzbank's corporate strategy since 2020. The current strategy "Time to change" is based on the three pillars of growth, excellence and responsibility. Responsibility covers the entire sustainability spectrum of E, S and G. 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 CO2 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 outcome of our review as to whether we should implement a forward-looking climate scenario in Asset Management at Commerzbank AG based on the experience of the climate scenario in our lending business has not yet been determined.





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