

Press release

For business editors
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Commerzbank forces coal phase-out 2030

- **New policy for fossil fuels comes into force on 1 January 2022**
- **No new business relationships with companies that generate more than 20% of their sales or power production with coal**
- **Oil and gas also subject to tighter rules**
- **Manfred Knof: “This is another important step as we move towards net zero.”**
- **Michael Kotzbauer: “We want to support our clients in their transformation and provide them with planning certainty.”**

Commerzbank has issued a new policy for fossil fuels – with the goal of forcing the coal phase-out by 2030 and pushing forward the sustainable transformation of the real economy. “With the new policy, we are taking another major step towards net zero. We are underscoring our commitment to channelling investment flows towards the Paris climate target and pushing ahead with the transformation. This is also demonstrated by the fact that we have reduced our coal portfolio by half in just two years,” says Manfred Knof, Chairman of the Board of Managing Directors of Commerzbank. Currently the coal portfolio amounts to approximately €1bn. This corresponds to around 0.2% of the Bank’s total portfolio.

When the policy comes into force on 1 January 2022, the upper limit for companies with ties to the coal sector will be substantially reduced and globally harmonised. Existing clients that currently use coal to generate 20% or more of their sales or power production have time until 2025 to draw up a plan for an exit from coal no later than 2030. To this end, Commerzbank will enter into an intensive exchange with its clients. Moreover, Commerzbank will not commence new business relationships with companies that generate more than 20% of their sales or power production with coal. The same applies to potential new clients planning to expand coal-related activities. Project financing is limited exclusively to necessary modernization of existing coal-fired power stations and is subject to a critical assessment of each case. This represents a significant tightening of the Bank’s disqualification criteria. Previously, a cap of 30% or, internationally, of 50% applied.

The news policy also refers to business with companies from the oil and gas sectors. Starting on 1 January 2022, this will be covered by a mandatory policy for the first time: existing business relationships in these sectors will be subject to regular reviews in terms of environmental and social criteria. In addition, Commerzbank will not enter into new business relationships with companies planning to expand oil and gas activities. In general, Commerzbank will not provide financing for new oil-fired power stations or oil and gas extraction projects. This applies to both conventional and unconventional extraction methods.



Michael Kotzbauer, Divisional Board Member Corporate Banking, adds: “We are supporting our clients in their transformation and providing them with the necessary planning certainty. But if we don’t see real efforts on the client side to build a sustainable business model, we will terminate the business relationship.”

The data for the new policy is obtained from the Global Coal Exit List and the Global Oil and Gas Exit List, which are created and updated by the NGO Urgewald. The fuel policy replaces the coal policy of 2016, which already prohibited the financing of new coal mines and power stations.

Sustainability at Commerzbank

Commerzbank is committed to the Paris climate and has made sustainability an integral part of its strategy. The Bank joined the UN Global Compact in 2006. 2019 it has been among the founding signatories of the Principles for Responsible Banking.

The net zero target is a core element of the Commerzbank sustainability strategy. The goal of reducing the CO₂ emissions of its entire lending and investment portfolio to net zero is to be realised by 2050 at the latest. This commitment was also made by joining the UNEP FI Net-Zero Banking Alliance in April 2021. For its own banking operations, the Bank aims to reduce CO₂ emissions to net zero by 2040. In managing its portfolio in the directions of net zero, Commerzbank applies the scientific approach of the Science-Based Targets Initiative (SBTI), of which it is a member. The Bank will define interim SBTi targets for 2030 for all relevant portfolios by August 2022.

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About Commerzbank

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 30,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank’s two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30 per cent of Germany’s foreign trade and is present internationally in almost 40 countries in the corporate clients’ business. The Bank focusses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. Following the integration of Comdirect, private and small-business customers benefit from the services offered by one of Germany’s most advanced online banks combined with personal advisory support on site. Its Polish subsidiary mBank



S.A. is an innovative digital bank that serves approximately 5.5 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2020, Commerzbank generated gross revenues of some €8.2 billion with almost 48,000 employees.

Disclaimer and forward-looking statements

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts. In this release, these statements concern inter alia the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of Commerzbank as well as expected future financial results, restructuring costs and other financial developments and information. These forward-looking statements are based on the management's current plans, expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the USA and other regions from which Commerzbank derives a substantial portion of its revenues and in which Commerzbank holds a substantial portion of its assets, the development of asset prices and market volatility, especially due to the ongoing European debt crisis, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, the reliability of its risk management policies, procedures and methods, risks arising as a result of regulatory change and other risks. Forward-looking statements therefore speak only as of the date they are made. Commerzbank has no obligation to update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.