

Dr Manfred Knof  
Chairman  
Commerzbank AG  
Kaiserplatz  
60261 Frankfurt am Main  
Germany

**Thursday 8 December 2022**

Dear Dr. Knof,

I am writing to share ShareAction's 2022 banking survey '**In Debt to the Planet. An assessment of the 25 largest European banks' biodiversity and climate strategies.**'. We are extremely grateful for your contribution to our report and for all the positive engagement we have had this year with Commerzbank.

With COP27 now behind us and little progress made, we need the financial sector to lead the way if we are to reach the Paris climate goal net-zero by 2050. Banks have the opportunity to play a critical role by reducing the financing of harmful activities and increasing the finance to low-carbon alternatives.

The report assesses the themes critical to achieving net zero by 2050 and ranked banks based on the performance of their policies. We also highlight leading practice and call out banks whose policies are falling behind their peers.

Our research shows that Europe's largest banks are not yet doing enough to address the twin crises of climate change and biodiversity loss. This exposes banks to risks which pose a serious threat to future revenue and reputation, as well as posing material risks to our planet and everyone on it. While we recognise that the turbulent economic and political environment this year has created challenges, we urge banks to urgently strengthen their climate change and biodiversity policies.

Based on our analysis, your organisation ranked 23<sup>rd</sup> with an overall score of 33% which is equivalent to a C-rating band. The climate change section of our questionnaire accounting for two-thirds of the marks. Commerzbank scored 40% and 20% of the points in the climate section and the biodiversity section, respectively. We would like to commend Commerzbank for demonstrating leading practice by not providing financing for new oil-fired power stations or oil and gas extraction projects and being one of the only banks to exclude financing for new clients with oil and gas expansion plans.

To support you with identifying priorities for 2023, we have outlined three key asks for climate change and one key ask for biodiversity for Commerzbank which will be the focus of our engagement next year:

- Set a 2030 overarching target to reflect its fair share of absolute emissions reduction across all activities.
- Reinforce its coal policy by committing to a full phase out of thermal coal power and mining by 2030 in OECD countries and 2040 in non-OECD countries covering all clients and financing activities. We define a phase-out as, at most, residual exposure to clients for which coal represents 5 per cent of their activities or less. While Commerzbank does require some clients to submit a plan to exit

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coal, they have until 2025 to do so and this only applies to clients where coal represents 20 per cent or more of their activities.

- Explicitly link executive remuneration KPIs to the development and successful implementation of portfolio decarbonisation targets and sector policies.

Biodiversity loss poses material risks to banks and requires urgent action. We encourage Commerzbank to prioritise taking action on biodiversity loss with the same urgency as climate change and publish a standalone biodiversity strategy ahead of its 2024 AGM.

We are committed to engaging with and supporting Commerzbank in the development of its policies and targets, and hope that our constructive dialogue will continue throughout 2023. As a next step, the banking team would appreciate the opportunity to present our report to you in the new year. Leyla Arpacioğlu, Engagement Manager (Banks – Climate change and Biodiversity), will be in touch shortly to organise this with you.

I truly wish you and your team a wonderful Christmas break and I'm looking forward to building on our valuable relationship in 2023.

Warm regards,

A handwritten signature in black ink that reads "Catherine Howarth". The signature is written in a cursive style with a large initial 'C' and a long, sweeping tail on the 'h'.

Catherine Howarth

Chief Executive

ShareAction