

VOTE RECOMMENDATION:

Ratification of actions by Dr Jens Weidmann.....**AGAINST**

Ratification of actions by Daniela Mattheus.....**AGAINST**

While Commerzbank's updated ESG Framework (November 2025) strengthens its strategy in certain areas, these improvements have come at the cost of critical protections the bank previously had in place for managing climate risks. Overall, we believe the bank's policies on oil, gas, and coal are weaker today than they were previously, undermining the bank's climate strategy and its management of environmental and transition risk. These reversals signal a governance failure by the bank's supervisory board, where directors have a responsibility to diligently exercise oversight of climate risks in order to safeguard long-term shareholder value. On this basis, we recommend voting against the ratification of the actions of the following Supervisory Board members: Dr Jens Weidmann (Chairman) and Daniela Mattheus (Chairwoman of the Environmental, Social and Governance Committee). These actions are deemed necessary to restore confidence in the board's oversight of climate risk and Commerzbank's transition strategy.

KEY TAKEAWAYS

Commerzbank has added uncertainty about its expectations for coal clients in its updated ESG framework

Commerzbank previously sorted its coal clients into two groups. Those with below 20% exposure to the coal sector could continue to access financing so long as they didn't have plans to expand coal further. Those with exposure above this threshold were required to submit plans by 2025 for a 2030 coal phase out. While the updated policy introduces the bank's first full coal phase-out commitment by 2038, existing clients are now seemingly free to not only expand coal exposure, but to exceed the bank's previous 20% threshold. These limits on exposure and expansion now apply only to new business relationships.

Commerzbank has given itself discretion to finance fossil fuel companies that exceed its restrictions if the financing is ringfenced for environmental financing

The bank has added an exception to both its coal and oil & gas policies that allow it to start new business relationships with companies that fall outside its sector-level restrictions, provided the financing is for "environmentally sustainable projects." This has not been coupled with adequate safeguards to ensure companies receiving sustainable finance have a credible transition plan and have ceased fossil fuel expansion.

The bank's revised rules on general purpose corporate finance to oil & gas companies opens the door to fund those expanding in high-risk Liquefied Natural Gas (LNG)

On one hand, Commerzbank has tightened its upstream dedicated finance restrictions to now cover both production and exploration. It will also no longer finance new oil transportation projects, such as pipelines and tankers. This does, however, leave gas infrastructure projects—including LNG—still eligible for funding. The changes to its general-purpose financing approach are also concerning. Previously, Commerzbank had no appetite to take on new clients who were engaged in expansion activities in any part of the oil & gas sector. However, the updated policy explicitly excludes midstream gas and energy generation from this restriction. Despite well-flagged risks of an LNG glut, Commerzbank remains willing to finance these projects and has reopened the door to companies expanding in the sector.

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» PART 1 – BACKGROUND

The drivers for banks to act on climate change and the energy transition remain strong. Despite political turbulence, 89% of people around the world still support climate action.ⁱ Similarly, the economics of a just and orderly transition remain compelling. Investment in renewables continues to break recordsⁱⁱ, with renewables capacity projected to grow faster between 2025 and 2030 than during the first half of this decade.ⁱⁱⁱ The transition to a cleaner economy is not going away. This creates a significant risk of stranded assets, exposing lenders to potential losses, particularly from the fossil fuel sector. The European Central Bank has warned of a “non-negligible increase in credit risk impairments” in a disorderly transition^{iv}, while the Bank of England warns impairment rates for fossil fuels could be twice as high as for other corporate portfolios.^v

At the same time, banks need to be increasingly aware of the physical risks from a changing climate, and how these may impact broader economic conditions. Acute risks can emerge from extreme weather conditions. Notably, climate-related extremes across Europe caused more than twice as much damage during the period 2022-23 as in the entire preceding decade.^{vi} Global losses from floods, cyclones, heatwaves, and droughts would double by 2050 compared to current levels were temperatures to rise by an average of 3C.^{vii} At the same time, climate change presents chronic risks to profitability and prosperity. Central banks predict a 3C increase in temperatures would reduce global labour productivity by 10% and chronic physical risks would impose a 15% hit to GDP around the world.^{viii}

This myriad of physical and transition risks not only raises the prospect of credit impairment, but will also result in economic conditions that are less predictable and less conducive to value creation. Banks need a plan to both manage and minimise these risks by adapting their business models and leveraging their position to advance the energy transition.

At the same time, the growing demand for sustainable financing presents considerable opportunities for banks. Already, the world’s largest banks are generating more from green syndication fees than fossil transactions.^{ix} To compete for these opportunities in a crowded landscape, banks need plans now to invest in new products, develop expertise, initiate partnerships, and coordinate resources across the institution.

Policies restricting financing to fossil fuels and reducing financed emissions signal banks’ strategic alignment with the energy transition and demonstrate a concrete commitment to halt support for the expansion of fossil-based activities. Backtracking on these public commitments severely undermines the credibility of a bank’s climate strategy and increases its exposure to reputational, regulatory, and transition risks.

Effective oversight of climate- and transition-related risks is a well-established element of directors’ duties. In Germany, directors are required to exercise duties of care, loyalty, and confidentiality, acting in the best interests of the company.^x As the Commonwealth Climate and Law Initiative and Climate Governance Initiative note, “around the world, it is increasingly accepted that to discharge their duties of care and loyalty, directors must

consider and integrate climate risks and opportunities into their corporate governance.”^{xi} Indeed, 89% of board directors surveyed by the Climate Governance Initiative in 2025 acknowledged that it is part of their role to influence their board on climate action.^{xii} This responsibility is also reflected in established supervisory guidance for banks. Since 2020, the European Central Bank has had clear expectations that banks’ management bodies “consider climate-related and environmental risks when developing the institution’s overall business strategy, business objectives and risk management framework, and [...] exercise effective oversight of climate-related and environmental risks.”^{xiii}

By allowing their bank to dilute fossil fuel policies or decarbonisation targets, directors compromise their duty to protect shareholder value and manage long-term climate-related risks. Ultimately, the chair is responsible for ensuring the board executes its duties in a way that commands the confidence of shareholders. Where shareholders no longer have confidence that effective oversight of the bank’s climate strategy is being effectively delivered by the board, they should seek to hold the chair accountable. While engagement remains a critical tool, a bank’s decision to materially backtrack on commitments developed over many years with the support of investors seriously impacts confidence in its climate strategy. In this case, further escalation is justified in the immediate term to restore long-term confidence in the board’s engagement on climate risks and opportunities.

» PART 2 – SUPPORTING ANALYSIS

2.1 Thermal coal

Why this pillar matters

Coal is the most carbon intensive fossil fuel and phasing out its use in the energy system is key to achieving the 1.5C warming limit of the Paris Agreement. In the IEA’s Net Zero by 2050 (NZE) scenario, coal demand falls sharply, meaning no new mines are required and higher cost mines are forced to close. In less ambitious scenarios for coal phase-out, demand is particularly dependent on China and India, who account for nearly half of global use.^{xiv} This dynamic exposes assumptions about coal demand to high levels of policy-related risk, particularly given China’s short-term expansion of coal power capacity against a backdrop of falling utilisation rates for existing coal plants and a rapid shift to clean energy.^{xv} Even in the IEA’s stated policies scenario (STEPS), Chinese coal demand is set to fall by around 25% by 2035—equivalent to all the coal currently used in advanced economies.^{xvi} In the European Union, coal-powered generation falls to one-ninth of today’s levels under STEPS by 2035^{xvii}, with the continent needing to be free of unabated coal power by 2030 to keep within the boundaries of the Paris Agreement.^{xviii}

Restricting finance to coal should ensure companies that are not transitioning away from coal-related activities find it increasingly challenging to find capital for their business. Rising capital costs for coal will make coal projects less attractive for companies and for investors in the sector—a shift compounded by the rapidly falling cost of alternative energy sources.

Criteria

After updates to Commerzbank’s criteria in November 2025, the bank has weakened its position against the following criteria: ‘Corporate finance threshold (mining)’ (CM.b), ‘Corporate finance expansion (mining)’ (CM.c), ‘Corporate finance threshold (power)’ (CP.b), and ‘Corporate finance expansion (power)’ (CP.c).

Criteria	Commerzbank (old)	Commerzbank (new)	Deutsche Bank	BNP Paribas
CM.a - Dedicated finance (mining)	Y	Y	Y**	Y
CM.b - Corporate finance threshold (mining)	Y**	↓Y**	Y**	20% of revenue*

CM.c - Corporate finance expansion (mining)	Y**	↓Y**	N	Y
CM.d - Phase-out (mining)	N	↑Y** 2038 coal-phase out for all clients	Y**	2030 EU/OECD; 2040 RoW
CM.e - Products and services	N	N	Y	Y
CP.a - Dedicated finance (power)	Y**	Y**	Y	Y
CP.b - Corporate finance threshold (power)	Y**	↓Y**	Y**	New clients: 25% of revenues**
CP.c - Corporate finance expansion (power)	Y**	↓Y**	N	Y
CP.d - Phase-out (power)	N	↑Y** 2038 coal-phase out for all clients	Y**	2030 EU/OECD; 2040 RoW
CP.e - Products and services	N	N	Y	Y

Y = Meets criteria	Y* = Meets criteria, with technical exceptions	Y** = Meets criteria, with material exceptions	N = Does not meet criteria
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CM/P.a - Dedicated finance	Does the bank exclude dedicated finance for new thermal coal mining / power projects or the expansion of existing projects?
CM/P.b - Corporate finance threshold	Does the bank restrict general corporate purpose finance for companies that are exposed to the thermal coal mining / power sector based on a relative threshold, such as the percentage of mining revenues / power generation derived from coal?
CM/P.c - Corporate finance expansion	Does the bank exclude general corporate purpose finance for clients developing new thermal coal mining / power projects or extending the lifespan and/or capacity of existing projects?
CM/P.d - Phase-out	Has the bank committed to a phase out of thermal coal mining / power by 2030 in OECD countries and 2040 globally?

Changes to policy position

Previously, Commerzbank expected its clients to generate no more than 20% of revenue or energy production from coal and have no coal sector expansion plans. Existing clients who did not meet this threshold were given until the end of 2025 to submit a plan to phase out coal by 2030. Commerzbank also noted that it would not tolerate any coal sector expansion from any clients after 2025. If these requirements were not met, the bank stated it would terminate these business relationships.

The updated policy marks Commerzbank's first commitment to a full coal phase-out by 2038, in line with German government legislation. However, it no longer requires existing clients with over 20% coal exposure to present transition plans to phase out thermal coal by 2030. This threshold for acceptable coal exposure and the requirement to cease coal expansion now only apply to new business relationships.

Commerzbank has also added a material exception to its coal policy that would allow it to start new business relationships with companies exceeding the above restrictions, provided the financing is for "environmentally sustainable projects."

In the old policy, Commerzbank noted municipal utilities and operators of coal-fired power plants that have been classified as systemically relevant by the Federal Network Agency are exempt from its restrictions. In the updated policy, Commerzbank removes the mention of the Federal Network Agency, leaving just "systemically relevant." This change potentially broadens the exemption beyond Federal Network Agency classifications, including coal plants outside Germany.

For a side-by-side comparison of the bank's old and new policies, see the appendix.

Analysis

Behind both science and peers when it comes to European coal phase-out

Between 2022 and 2024, Commerzbank provided \$836 million in loans and underwriting to coal companies, rising from \$228 million in 2022 to \$417 million in 2024.^{xx} Commerzbank's approach to restricting general purpose financing for companies involved in the coal sector was already behind leading practice in the sector, with no formal phase-out commitment for thermal coal mining or power. While the updated policy introduces a formal coal phase-out date of 2038, this continues to fall behind many European banks. It also places the bank on a trajectory that is at odds with the widely accepted 2030 coal phase-out date for EU and OECD countries, which aligns with pathways consistent with limiting global warming to 1.5°C.^{xx} In contrast, European banks such as BNP Paribas have committed to exiting the thermal coal value chain by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world. Crédit Mutuel have gone further by pledging to achieve zero coal exposure globally by 2030 and requiring clients to have plans in place to close all coal assets by that date.

As a nation, Germany has adopted a full coal phase-out by 2038.^{xxi} However, Deutsche Bank demonstrates that more stringent coal commitments are possible. It has established clear criteria for assessing company transition plans, expecting thermal coal phase-outs by 2030 in OECD countries and by 2040 elsewhere.

Even if Commerzbank felt it had to strictly follow the 2038 timeline, it already has provisions in its policy for excluding systemically relevant power plants from restrictions. Instead, it is using Germany's weaker phase-out timelines as a benchmark for the rest of the world. This is particularly salient given Commerzbank has coal clients outside Germany in Europe and other advanced economies.

Relative to past positions, Commerzbank's new commitment to phase-out coal exposure by 2038 represents a step down in ambition for a significant portion of clients. In December 2021, the bank announced a new fossil fuel policy which it framed as a major step toward net zero and alignment with the Paris Agreement. This included "...the goal of forcing the coal phase-out by 2030." Commerzbank's goal did not translate wholly into the bank's financing restrictions. However, clients deriving more than 20% of revenues from coal were required to submit plans to phase out their exposure by 2030. Under Commerzbank's new policy, the goalposts have moved to 2038.

It is certainly positive that all clients will be subject to these phase-out date; however, those that had previously had to submit phase out plans will now be free to follow a far less ambitious trajectory, limiting the real-world impact of Commerzbank's coal policy and its ability to support its clients transition away from coal.

A weakened approach to coal in the immediate term

Another major flaw in Commerzbank's new policy is that it replaces clear constraints on clients' coal exposure in the immediate term with its new longer-term commitment to phase out coal. Previously, it was clear that no clients could engage in coal expansion, regardless of their current exposure to the sector. For investors, this policy provided certainty around how the bank was using its influence over clients to reduce overall exposure to the coal sector. This certainty is now gone, with existing clients seemingly free to not only expand coal exposure, but to exceed the bank's previous 20% revenue threshold. The 20% threshold and restriction on expansion now only applies to new business relationships. This is particularly concerning because many of the world's 50 largest coal miners and power producers already fall below the 20% threshold.^{xxii}

What's more, Commerzbank can start new business relationships with companies that exceed its coal thresholds if the financing is for "environmentally sustainable projects." Providing an exception for this type of financing is not inherently problematic; however, in this case, it needs to be coupled with safeguards which ensure the bank is not indirectly contributing to thermal coal expansion. Whether the funding is ringfenced for a specific use-of-proceeds or not, Commerzbank should only consider providing environmentally sustainable finance to companies that have committed to cease coal expansion and set out a timebound phase-out plan. Without such safeguards, Commerzbank's financing could help clients free up other resources to use for coal expansion.

Commerzbank's relationship with the Czech energy company EPH illustrates the challenge of untangling support for clean energy and for coal. EPH has publicly committed to a coal phase-out by 2030, and, on paper, its coal production has fallen sharply since 2023. However, this coal production has not disappeared. Instead, EPH has transferred its German coal assets to a sister company, EP Energy Transition (EPETr), which is not bound to the 2030 phase out commitment^{xxiii xxiv} EPETr is expected to continue operating coal up until 2038. The case of EPH and EPETr illustrates that the separation between corporate entities is far more complex than can simply be accounted for by ringfencing funds.^{xxv}

Finally, in its previous policy, Commerzbank exempted systemically relevant coal operators as classified by the Federal Network Agency. The updated policy removes the reference to the Federal Network Agency, retaining only the term "systemically relevant." This change potentially broadens the scope of the exemption, as it is no longer explicitly tied to classifications by the Federal Network Agency and could therefore apply to any coal plant deemed systemically relevant, including those outside Germany.

The overall effect of Commerzbank's changes to its ESG Framework is to obscure what the bank will and will not finance. Previously, investors could trust that the bank's most coal-exposed clients would halt expansion and exit coal by 2030 or face being dropped. Under the updated policy, outcomes for existing clients are uncertain. They are no longer incentivised to reduce coal exposure and could even exceed the bank's previous thresholds right up to 2038. This uncertainty makes it more difficult for investors to assess whether the bank is effectively mitigating both the reputational risks associated with coal expansion and the financial risks of stranded coal assets. Shareholders should interrogate the bank further on whether it is truly using its leverage to drive the shift away from coal, or is content to finance clients right up to its 2038 phase-out dates even if they have no intention to transition their business.

2.2 Oil & gas

Why this pillar matters

Further oil & gas development breaches planetary boundaries, risks creating a glut of fossil fuels, and undermines long-term financial stability. The IEA has said "no new long lead time conventional oil & gas projects are approved for development" under its 1.5C-compatible NZE scenario.^{xxvi} In the latest World Economic Outlook, the IEA again notes that "[a]s in previous editions of the NZE Scenario, upstream investment is directed towards maintaining the output of existing fields."^{xxvii} Based on current expansion plans, the NZE would see significant numbers of oil & gas projects closing before the end of their technical lifetimes by the time we reach 2040, implying significant financial risks from stranded assets. Current trajectories for oil & gas supply greatly outstrip what is required in a 1.5C-

compatible transition—a mismatch that would hit the profitability and valuation of oil & gas companies, as well as leading to large volumes of wasted investment. This financial risk could transfer to the banking sector either directly through impaired credit, or through more general macroeconomic and financial instability. Banks that are overly dependent on fees from oil & gas companies for capital markets services could also suffer from a disorderly loss of revenues, and should instead be planning a smooth transition to clients compatible with the emerging decarbonised economy.

Criteria

After updates to Commerzbank’s policy in November 2025, the bank weakened its position on ‘Corporate Finance expansion (upstream)’ (OG.c).

Criteria	Commerzbank (old)	Commerzbank (new)	Deutsche Bank	BNP Paribas
OG.a - Dedicated finance (upstream)	Y**	↑ Y	N	Y*
OG.b - Dedicated finance (midstream)	N	↑ Y**	N	Y**
OG.c - Corporate finance expansion (upstream)	Y**	↓ Y**	N	No independent oil & gas producers / conventional oil & gas bonds**
OG.d - Products and services	N	N	N/a	Y
UOG.A.a - Dedicated finance (Arctic)	Y**	↑ Y	Y**	Y
UOG.A.b - Corporate finance threshold (Arctic)	N	N	N	10% of reserves / 10% ratio of non-conventional reserves to upstream revenues
UOG.A.c - Products and services	N	N	Y	Y
UOG.F.a - Dedicated finance (fracking)	Y**	↑ Y	Y**	Y
UOG.F.b - Corporate finance threshold (fracking)	N	N	N	10% of reserves / 10% ratio of non-conventional reserves to upstream revenues
UOG.F.c - Products and services	N	N	Y	Y

UOG.O.a - Dedicated finance (oil sands)	Y**	Y	Y**	Y
UOG.O.b - Corporate finance threshold (oil sands)	N	N	N	10% of reserves / 10% ratio of non-conventional reserves to upstream revenues
UOG.O.c - Products and services	N	N	Y	Y
UOG.U.a- Dedicated finance (ultra-deepwater)	Y**	Y	N	Y
UOG.U.b - Corporate finance threshold (ultra-deepwater)	N	N	N	N
UOG.U.c - Products and services	N	N	N/a	Y

Y = Meets criteria	Y* = Meets criteria, with technical exceptions	Y** = Meets criteria, with material exceptions	N = Does not meet criteria
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OG.a - Dedicated finance (upstream)	Does the bank exclude dedicated finance for new oil & gas projects?
OG.b - Dedicated finance (midstream)	Does the bank exclude dedicated finance for new infrastructure enabling the transport, liquefaction, or regasification of oil & gas?
OG.c - Corporate finance expansion (upstream)	Does the bank exclude general corporate purpose finance for companies engaged in new oil & gas projects?
OG.d - Products and services	Does the policy apply to all relevant products and services, and at a minimum to the bank's lending and capital markets facilitation activities?
UOG.A/F/O/U.a - Dedicated finance (unconventional)	Does the bank exclude dedicated finance for new Arctic oil & gas / fracking / oil sands / ultra-deepwater oil & gas projects or the expansion of existing projects?
UOG.A/F/O/U.b - Corporate finance threshold (unconventional)	Does the bank restrict general corporate purpose finance for companies that are exposed to Arctic oil & gas / fracking / oil sands / ultra-deepwater oil & gas based on a relative threshold, such as the percentage of oil & gas production or revenues derived from these segments?
UOG.A/F/O/U.c - Products and services	Does the policy apply to all relevant products and services, and at a minimum to the bank's lending and capital markets facilitation activities?

Changes to policy position

Previously, Commerzbank stated it would not establish new business relationships with “companies expanding in the oil & gas sector (upstream, midstream, energy production).” In its updated policy, this has been revised to “expanding operations in the oil sector (upstream, midstream, energy generation) or in gas exploration and extraction (upstream).” This opens the door for the bank to finance companies involved in the expansion of gas pipelines and LNG facilities, who were previously restricted. Additionally, Commerzbank has introduced a significant exception to its policy, allowing new business relationships with companies engaged in oil & gas expansion, provided the financing is for “environmentally sustainable projects.”

While not offsetting the downside, Commerzbank has strengthened other parts of its oil & gas policy. The bank’s dedicated financing restrictions were extended to cover both the exploration and production of oil & gas (previously limited to extraction). The bank also introduced a new policy to cease dedicated finance to “new oil transportation projects, such as the construction of new oil pipelines or new oil tankers.” Commerzbank previously had no policy to limit financing to midstream projects. However, the new policy explicitly excludes gas projects and LNG infrastructure.

For a side-by-side comparison of the bank’s old and new policies, see the appendix.

Analysis

Commerzbank’s changes to its oil & gas policy are more subtle, but still significant. These changes come against the backdrop of the bank significantly increasing its oil & gas financing. Over the past few years, Commerzbank has been steadily increasing its support to GOGEL- and GCEL-listed companies—firms actively expanding fossil fuel operations. This was \$2.6 billion in 2022, but rose to \$3.1 billion in 2023 and \$4.5 billion in 2024.^{xxviii}

As with its coal policy, the bank’s new policy includes a loophole that allows new relationships with otherwise excluded oil & gas companies under the label of financing to “environmentally sustainable projects.” While such exceptions are not inherently problematic, they must be paired with safeguards to ensure the bank does not indirectly support fossil fuel expansion. Without these safeguards, Commerzbank’s financing could free up capital for further fossil fuel development.

Elsewhere, the bank has made some improvements to its restrictions on oil & gas projects. However, this is undercut by weakened policies for general corporate purpose financing.

Commerzbank’s policy on dedicated financing to oil & gas projects is step forward, with the restriction now covering production as well as exploration. The bank also introduced a restriction on financing new oil transportation projects, such as pipelines and tankers. While this is a positive step, the policy does not extend to LNG infrastructure, such as import/export terminals and regasification facilities.

At the same time, the bank has weakened restrictions on providing general purpose financing. Previously, the bank had no appetite to take on new clients who were engaged in expansion activities in any part of the oil & gas sector. The updated policy explicitly excludes midstream gas from this restriction. Along with increased reputational risk, engagement with new clients expanding operations in midstream & gas sectors elevates the bank’s exposure to asset stranding. The most optimistic IEA scenario for LNG demand, the Current Policies Scenario (CPS), assumes Europe, China, and Japan absorb more than half of the increased supply from new liquefaction projects.^{xxix} However, this scenario makes large assumptions that the uptake of clean technologies will slow and that current policies will not change even where governments have announced an intention to act.^{xxx} There is good reason to believe, given the European Union’s continued commitment to transition its energy sector, coupled with a structural decline in its manufacturing output, that the medium-to-long-term scope for further LNG imports into Europe is limited.^{xxxi} Indeed, Europe’s 2030 regasification capacity is expected to be three times the continent’s LNG demand.^{xxxii} Similarly, China’s deepening energy relationship with Russia, increased domestic production, and rapid deployment of renewable technologies suggest LNG demand here could be similarly constrained.^{xxxiii} The IEA’s stated-policies (STEPS) scenario suggests that some LNG could be displaced to emerging markets and developing countries if European and Chinese demand fails to materialise.^{xxxiv} However, many of these countries have already experienced the dangers of LNG dependency following gas price spikes in the early 2020s and are

pivoting to renewables with the help of cheap Chinese manufactured solar panels. Pakistan, for example, was forced to cancel deliveries of LNG after Russia's invasion of Ukraine pushed up prices.^{xxxv} Since then, it has seen unprecedented growth in renewables deployment, with solar power now accounting for 20% of the country's electricity.^{xxxvi} A further risk to the viability of regasification infrastructure comes from the narrowing gap between US and European gas prices. This can lead to situations, such as in December 2025, where US LNG exporters are unable to cover their full liquefaction and regasification costs. In this case, it begins to become unsustainable for plants to sell into European regasification infrastructure.^{xxxvii} All the circumstances are thrown into further uncertainty by the ongoing conflict in Iran and the wider Middle East. However, if the Russian invasion of Ukraine is in any ways a useful proxy, these geopolitical disturbances and concurrent spikes in gas prices risk encouraging another round of exuberance regarding LNG, while longer term trends in the composition of energy demand continue.

Despite the risks, Commerzbank is showing a willingness to finance clients expanding LNG import and export capacity. Instead of using its influence and resources to steward down its exposure, the bank is giving itself the option to take on more clients in the sector. At a time when the energy transition calls for a strategic reallocation of capital, Commerzbank's renewed potential to finance previously restricted clients runs counter to this direction and increases both reputational and long-term financial risk.

>> PART 3 – CONCLUSION

In its introduction to this year's annual report, Commerzbank affirmed the bank is "steadfast in our convictions and goals: not only is sustainable action the right thing to do, but it is also something we have to do—for all of our futures." It went on to assert that "while some are distancing themselves from ambitious sustainability goals in the wake of 'ESG backlash' [...] we are on the right path: sustainability is not an afterthought or a 'fair-weather issue'; it is a core tenet that guides what we do as a company."^{xxxviii} We welcome these clear messages supporting the energy transition. It is also encouraging that Commerzbank announced plans to define quantitative, sector-specific decarbonisation targets for the fossil fuel sector by 2030.^{xxxix} However, the changes made to the bank's policies on fossil fuels in November 2025 are less encouraging. The bank is sending mixed signals to investors regarding acceptable levels of client exposure to fossil fuels. At this critical juncture, it is not guiding clients away from thermal coal and LNG at the pace required for the energy transition. This shift undermines the bank's stated climate ambitions and exposes it to growing transition, reputational, and financial risks.

By only mandating a 2038 coal exit while weakening its expectations of existing clients, the bank creates uncertainty about what companies it will finance, which it will not, and what standards it will push through engagement. It also leaves the bank on a path that potentially conflicts with the widely accepted 2030 coal phase-out target for countries across Europe and the OECD. In 2021, Commerzbank's policy was described "[...] with the goal of forcing the coal phase-out by 2030 and pushing forward the sustainable transformation of the real economy."^{xl} Clearly, the bank will no longer uphold this pledge. Whether risks manifest in reputational damage to the bank, increased impairment from stranded assets, or a more challenging lending environment beset by the physical effects of climate change, the costs will impact those investors.

As the energy transition accelerates and competition to provide sustainable financing increases, the bank needs to make long-term investments that shift its business model from high risk- fossil-dependent clients to the growth opportunities of a new economy. Its backtracking undercuts the stable platform required for these long-term investments, obscuring its intermediate goals and blurring the lines between clients it will and will not finance. It is harder today for investors to understand the bank's risk appetite and strategic direction than it was before November 2025.

The supervisory board is ultimately responsible for ensuring the bank's management effectively manage long-term risks in a comprehensive and coherent manner. The supervisory board's failure to prevent the leadership of Commerzbank diluting climate commitments that were the product of extended engagement with investors calls into the question the efficacy of its oversight function. While there is always a place for engagement with the bank, escalation is required in the immediate term to restore confidence in the supervisory board's capacity and commitment to oversee a stable, robust, and ambitious climate strategy.

4.1 Thermal coal – April 2025 vs. November 2025

Previous policy

CM.b

- We do not enter into new business relationships with companies that are active in coal mining, coal infrastructure or energy generation and that exceed a threshold of 20 percent (coal share of revenue or energy production) or that are expanding in the coal sector.
[...]
- Transformation requirements: We expect our clients involved in coal mining, coal infrastructure or coal-fired energy generation to
 - generate no more than 20 percent of their revenue or power production from thermal coal, and
 - have no expansion plans in this area
- Customers that do not currently meet these requirements have until the end of 2025 to submit a plan to phase out coal by 2030. In addition, no further expansion in the coal sector will be allowed after the end of 2025. If the requirements are not met, Commerzbank will terminate the business relationship.
- **Material exceptions:** The policy doesn't apply if the client has a credible transition plan [OR] only applies to new clients.

CM.c

- We do not enter into new business relationships with companies that are active in coal mining, coal infrastructure or energy generation and that exceed a threshold of 20 percent (coal share of revenue or energy production) or that are expanding in the coal sector.
[...]
- Transformation requirements: We expect our clients involved in coal mining, coal infrastructure or coal-fired energy generation to
 - generate no more than 20 percent of their revenue or power production from thermal coal, and
 - have no expansion plans in this area
- Customers that do not currently meet these requirements have until the end of 2025 to submit a plan to phase out coal by 2030. In addition, no further expansion in the coal sector will be allowed after the end of 2025. If the requirements are not

New policy

CM.b

- Exclusion criteria for business relationships: Companies involved in coal mining, coal infrastructure, or coal-fired energy generation that derive more than 20% of their revenue and/or generated electricity from coal or are engaged in coal-related expansion cannot establish comprehensive new business relationships with Commerzbank.
[...]
- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects, such as Green Loans as specified on page 35 and the following pages.
- **Material exceptions:** The policy only applies to new clients; exceptions for ringfenced financing for sustainable projects.

CM.c

- Exclusion criteria for business relationships: Companies involved in coal mining, coal infrastructure, or coal-fired energy generation that derive more than 20% of their revenue and/or generated electricity from coal or are engaged in coal-related expansion cannot establish comprehensive new business relationships with Commerzbank.
[...]
- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects, such as Green Loans as specified on page 35 and the following pages.
- **Material exceptions:** The policy only applies to new clients; Exceptions for ringfenced financing for sustainable projects.

met, Commerzbank will terminate the business relationship.

- **Material exceptions:** The policy doesn't apply if the client has a credible transition plan [OR] only applies to new clients.

CM.d

- Commerzbank did not have a blanket phase-out policy in place. Instead, any client exceeding the bank's thresholds were required to phase out coal by 2030 (see CM.b/c above).

CP.b

- .
- Exclusion criteria: We do not enter into new business relationships with companies that are active in coal mining, coal infrastructure or energy generation and that exceed a threshold of 20 percent (coal share of revenue or energy production) or that are expanding in the coal sector. [...]
- Transformation requirements: We expect our clients involved in coal mining, coal infrastructure or coal-fired energy generation to
 - generate no more than 20 percent of their revenue or power production from thermal coal, and
 - have no expansion plans in this area.
- Customers that do not currently meet these requirements have until the end of 2025 to submit a plan to phase out coal by 2030. In addition, no further expansion in the coal sector will be allowed after the end of 2025. If the requirements are not met, Commerzbank will terminate the business relationship. [...]
- Municipal utilities are excluded from the scope of the Directive due to their contribution to the security of energy supply [...]
- To meet our social responsibility and not to jeopardise the security of energy supply, operators of coal-fired power plants that have been classified

CM.d

- Exclusion criteria for business relationships: In line with the requirements of the German government, we expect a coal phase-out by 2038 at the latest. Companies that do not meet this requirement and continue coal-related activities beyond 2038 will no longer be able to maintain a business relationship with Commerzbank.
- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects, such as Green Loans as specified on page 35 and the following pages.
- **Material exception:** Exceptions for ringfenced financing for sustainable projects.

CP.b

- Exclusion criteria for business relationships: Companies involved in coal mining, coal infrastructure, or coal-fired energy generation that derive more than 20% of their revenue and/or generated electricity from coal or are engaged in coal-related expansion cannot establish comprehensive new business relationships with Commerzbank. [...]
- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects, such as Green Loans as specified on page 35 and the following pages. [...]
- Companies operating coal-fired power plants in Europe that are deemed systemically relevant, as well as municipal utilities, are exempt from these exclusion criteria.
- **Material exceptions:** The policy doesn't apply to municipal utilities; the policy only applies to new clients; exceptions for ringfenced financing for sustainable projects.

as systemically relevant by the Federal Network Agency are exempt from this regulation. It goes without saying that the status of systemic relevance and the transformation efforts will continue to be reviewed and evaluated on an ongoing basis.

- **Material exceptions:** The policy doesn't apply to municipal utilities; the policy doesn't apply if the client has a credible transition plan [OR] only applies to new clients.

CP.c

- Exclusion criteria: We do not enter into new business relationships with companies that are active in coal mining, coal infrastructure or energy generation and that exceed a threshold of 20 percent (coal share of revenue or energy production) or that are expanding in the coal sector. [...]
- Transformation requirements: We expect our clients involved in coal mining, coal infrastructure or coal-fired energy generation to
 - generate no more than 20 percent of their revenue or power production from thermal coal, and
 - have no expansion plans in this area.
- Customers that do not currently meet these requirements have until the end of 2025 to submit a plan to phase out coal by 2030. In addition, no further expansion in the coal sector will be allowed after the end of 2025. If the requirements are not met, Commerzbank will terminate the business relationship. [...]
- Municipal utilities are excluded from the scope of the Directive due to their contribution to the security of energy supply. [...]
- To meet our social responsibility and not to jeopardise the security of energy supply, operators of coal-fired power plants that have been classified as systemically relevant by the Federal Network Agency are exempt from this regulation. It goes without saying that the status of systemic relevance and the transformation efforts will continue to be reviewed and evaluated on an ongoing basis.
- **Material exceptions:** The policy doesn't apply to municipal utilities; the policy doesn't apply if the client has a credible transition plan [OR] only applies to new clients.

CP.d

- Commerzbank did not have a blanket phase-out policy in place. Instead, any client exceeding the

CP.c

- Exclusion criteria for business relationships: Companies involved in coal mining, coal infrastructure, or coal-fired energy generation that derive more than 20% of their revenue and/or generated electricity from coal or are engaged in coal-related expansion cannot establish comprehensive new business relationships with Commerzbank. [...]
- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects, such as Green Loans as specified on page 35 and the following pages. [...]
- Companies operating coal-fired power plants in Europe that are deemed systemically relevant, as well as municipal utilities, are exempt from these exclusion criteria.
- **Material exceptions:** The policy doesn't apply to municipal utilities; the policy only applies to new clients; exceptions for ringfenced financing for sustainable projects.

CP.d

- Exclusion criteria for business relationships: In line with the requirements of the German government, we expect a coal phase-out by 2038 at

bank's thresholds were required to phase out coal by 2030 (see CM.b/c above).

the latest. Companies that do not meet this requirement and continue coal-related activities beyond 2038 will no longer be able to maintain a business relationship with Commerzbank.

- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects, such as Green Loans as specified on page 35 and the following pages.
[...]
- Companies operating coal-fired power plants in Europe that are deemed systemically relevant, as well as municipal utilities, are exempt from these exclusion criteria.
- **Material exception:** Exceptions for ringfenced financing for sustainable projects.

4.2 Oil & Gas – April 2025 vs. November 2025

Previous policy

OG.a

- Commerzbank does not participate in financing for any oil and gas extraction projects (conventional and unconventional extraction methods such as fracking, arctic drilling, tar sands, deep-sea drilling).
- Commerzbank does not participate in financing for new oil-fired power stations.
- **Material exceptions:** Only applies to extraction.

OG.b

- Commerzbank had no policy in place. Financing to midstream projects were assessed on a case-by-case basis.

OG.c

- We [Commerzbank] do not enter into new business relationships with companies expanding in the oil and gas sector (upstream, midstream, energy production).
- **Material exceptions:** Only applies to new clients.

New policy

OG.a

- Commerzbank does not participate in the financing of projects related to the production and exploration of oil and gas (both conventional and unconventional methods such as fracking, arctic drilling, tar sands, deepwater drilling).
- Commerzbank does not participate in the financing of projects for new oil-fired power plants.
- **Material exceptions:** None.

OG.b

- Commerzbank does not participate in the financing of new oil transportation projects, such as the construction of new oil pipelines or new oil tankers.
- **Material exceptions:** Does not cover LNG infrastructure.

OG.c

- Exclusion criteria for business relationships:
- Companies expanding operations in the oil sector (upstream, midstream, energy generation) or in gas exploration and extraction (upstream) cannot establish comprehensive new business relationships with Commerzbank. [...]
- New business relationships with companies subject to the aforementioned exclusion criteria may only be established for environmentally sustainable projects.

UOG.A/F/O/U.a

- Commerzbank does not participate in financing for any oil and gas extraction projects (conventional and unconventional extraction methods such as fracking, arctic drilling, tar sands, deep-sea drilling) [...]
- Commerzbank does not participate in financing for new oil-fired power stations
- **Material exceptions:** Does not cover exploration.

- **Material exceptions:** Only applies to new clients, exceptions for ringfenced financing for sustainable projects.

UOG.A/F/O/U.a

- Commerzbank does not participate in the financing of projects related to the production and exploration of oil and gas (both conventional and unconventional methods such as fracking, arctic drilling, tar sands, deepwater drilling). [...]
- Commerzbank does not participate in the financing of projects for new oil-fired power plants.
- **Material exceptions:** None.

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