

ENGAGEMENT POLICY

Principles of Erste Asset Management for Responsible & Sustainable Investment



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1. Principles

Erste Asset Management (EAM) identifies its main responsibility in representing the interests of its investors and in ensuring a long-term investment success. Besides financial motivations, the awareness of not impairing the opportunities for future generations is the core driver for this approach. Therefore, EAM aims to harmoniously combine long-term economic success with sustainable conduct.

To us, sustainability means considering a 360 degree perspective in the investment process, which focuses not only on economic factors, but also on environmental, social and governance aspects. We are convinced that such an approach towards sustainability marks not only a positive contribution to society, but also leads to attractive medium and long-term returns as well as to the reduction of various risk factors.

One of the approaches pursued by EAM in their sustainable ERSTE RESPONSIBLE funds is sustainability management and engagement. It is comprised of an active assertion of influence on companies in a variety of sectors. Erste Asset Management leads an open dialogue with companies during the engagement process to highlight economic, social and governance weak spots (ESG) and to cooperate to find a solution or possibility for improvement.

By engaging with a number of companies from a variety of different sectors, EAM aims to bring thought-provoking sustainability issues on the table and up for discussion, which could lead to higher returns for investors and a reduction of risk factors in the long-run.



2. Scope

Erste Asset Management has a fiduciary duty towards its clients and adapts the sustainable investment process according to their individual requirements. Therefore, each client's individual circumstances and preferences will influence and shape their attitude and focus towards sustainable investment.

The below discussed approach towards sustainability is prevalent in all ERSTE RESPONSIBLE funds. Our sustainability approach can also indirectly affect other funds of Erste Asset Management. This is the case when companies which are selected for the ERSTE RESPONSIBLE funds are also invested in by another Erste Asset Management fund.

On the other hand, a certain company can also be part of Erste Asset Management's approach towards sustainability even if an investment in the company is not intended.



3. Approach

The goal of our sustainability engagement activities is to encourage companies to consider a more sustainability-oriented company policy. Erste Asset Management's efforts translate into four channels:

Thematic Engagement

Erste Asset Management regularly pursues one topical aspect of its sustainability-related activities. In constant time intervals, ESG-relevant topics are picked up, analysed and looked at from a wide array of different perspectives. The results are published in the „[ERSTE RESPONSIBLE RETURN, The ESG Letter](#)“- investor magazine, which makes them accessible to the public. One part of this activity consists of leading a dialogue corresponding to the focus of analysed topics (engagement). According to our perspective, this method has two advantages: Firstly, engagement activities are automatically focused on topics that matter. Secondly, companies are more inclined to engage in a dialogue with us, as a result of the increased level of publicity. Five to ten relevant companies are selected and incorporated into our engagement activities in the context of this approach.

Austrian Engagement

As market leader in the Austrian market, Erste Asset Management is committed to place a focus on sovereign companies. Our market position and reputation increases our chances to enter into an efficient dialogue with the relevant, selected companies. The engagement process is started once the analysis shows a topical relevance for an Austrian company, where an engagement seems sensible. Using this method ensures an automatic focus on relevant problems.

Leader and Co-Leader in Engagements/Partnerships

Investors who are investing in sustainable products are able to increase their influence on companies once they cooperate. Accordingly, sustainability networks act as catalysts and aggregation platform. Erste Asset Management regards this approach as a promising channel with a high success rate. In the light of the above, EAM frequently acts as an engagement leader in networks in which it is represented (e.g. UN PRI). The selection of companies for engagement activities is carried out in agreement with these networks.

Engagement through External Partners

The fourth strategy pursued by Erste Asset Management consists of the involvement of a specialized external partner, GES (Global Engagement Service). GES combines the invested capital of all its investors and by doing so increases the chance to meet companies on



equal terms. Our partner GES is globally active and is of increased importance to Erste Asset Management to establish contact with companies operating in emerging market countries. A company is contacted as soon as a violation of sustainability criteria is observed. The engagement activities place a focus on companies displaying considerable potential for improvement. Topics like human rights, environmental and sustainable management, Health & Safety, labour rights and business ethics are picked up during the process.

The goal of our engagement activities is to change the conduct of affected companies. Therefore, it is no prerequisite for a company to be a part of our investable universe to enter into an engagement dialogue with us.

Companies are excluded from Erste Asset Management's sustainability universe, as soon as violations of the Erste Asset Management's sustainability criteria become apparent. Companies can also be excluded if they do not respond to enquiries from EAM regarding certain violations or if they are not able to provide a statement after multiple contact attempts.



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