



Coal divestment Policy

ERSTE
Asset Management

www.erste-am.com

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1. Principles

Erste Asset Management GmbH and its subsidiaries and branches (hereinafter referred to as Erste Asset Management) have undertaken to refrain from investing in companies that operate in the extraction of coal, coal-fired electricity generation or the synthesis of fuel from coal.

Coal combustion is one of the biggest contributors to greenhouse gas emissions and thus global climate change. The World Climate Summit 2015 in Paris set the target to limit global warming to a bearable level of a maximum of 1.5 to 2 degrees Celsius. If this goal is to be met, no more than 10 to 20% of current global coal reserves must be burned.

On the basis of this insight and in cooperation with external research partners and data providers, Erste Asset Management evaluates companies with regard to their involvement in the following areas:

- Production of and trade in thermal coal or lignite
- Power production from coal or lignite
- Synthesis of liquid or gasified fuel from coal

Metallurgical coal is not affected by this policy, as it is used as raw material and not as a fuel.

The divestment of coal allows Erste Asset Management not only to assume responsibility as investor and minimise long-term environmental and financial risks, it helps us to comply with the Montréal Carbon Pledge (main goal: the creation of a higher degree of transparency for the carbon footprint of equity portfolios).

2. Scope of Application

All actively and discretionarily managed mutual funds and portfolios of Erste Asset Management are subject to this commitment.

Institutional funds and special funds as well as externally managed sub-funds held as part of a fund's assets are exempt from this commitment.

At the client's explicit request, we may deviate from complying with this guideline for cases of individual portfolio management.

Third-party mandates where Erste Asset Management is not involved in the management of the fund or the definition of the investment strategy and only acts as custodian manager are also exempt.

3. Approach

Analysis is based on information sourced from Erste Asset Management's research partners and company-provided financial information.

The aim is to measure the share of coal-related activities in each company's overall business. For coal mining operations, fuel synthesis from coal as well as utilities also using coal in electricity generation we measure the share of relevant company revenues.

If a company exceeds one of the following thresholds, we exclude it from the investment universe of all affected funds:

	Mining of thermal coal and processing	Coal-fired electric generation
ERSTE RESPONSIBLE funds	5%	5%
ERSTE WWF funds	5%	5%
Other mutual funds (as defined under Scope of Application, p.4)	30%	-

Within a group, we apply the parent-child principle. The holding company (A) is responsible for all its subsidiaries and their infringements against this guideline, even if the holding company would otherwise have itself been identified as investable.

However, subsidiary B, that has no violations, is not responsible for the infringements by the holding company or the infringement of the involved subsidiary C. In this case, holding A and subsidiary C would be excluded, while subsidiary B would remain investable.

Existing positions in companies that have been newly identified as being in violation of this guideline will be divested within a month ensuring the protection of investors' interest. If the grounds for a violation by a previously identified company lapse, it is re-classified as investable with immediate effect.

Disclaimer

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The prospectus for UCITS (including any amendments) is published in *Amtsblatt zur Wiener Zeitung* in accordance with the provisions of the InvFG 2011 in the currently amended version. Information for Investors pursuant to § 21 AIFMG is prepared for the alternative investment funds (AIF) administered by Erste Asset Management GmbH pursuant to the provisions of the AIFMG in connection with the InvFG 2011. The fund prospectus, Information for Investors pursuant to § 21 AIFMG, and the key investor document/KID can be viewed in their latest versions at the web site www.erste-am.com or obtained in their latest versions free of charge from the domicile of the management company and the domicile of the custodian bank. The exact date of the most recent publication of the fund prospectus, the languages in which the key investor document is available, and any additional locations where the documents can be obtained can be viewed on the web site www.erste-am.com.

This document serves as additional information for our investors and is based on the knowledge of the staff responsible for preparing it at the time of preparation. Our analyses and conclusions are general in nature and do not take into account the individual needs of our investors in terms of earnings, taxation, and risk appetite. Past performance is not a reliable indicator of the future performance of a fund.

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