

ERSTE
Asset Management

Banned Weapons Policy

1. Principles

Erste Asset Management GmbH ("EAM") committed in 2011 to refrain from investments in companies that can be tied to being active in the area of „controversial weapons“. Due to the geopolitical changes since February 2022, EAM has decided to revise this policy. This revision will take effect as of June 1, 2025, and ensures that investments in companies engaged in “banned weapons” will continue to be excluded from all actively and discretely managed funds and portfolios (the exact scope of application is defined in [Section 2 of this policy](#)).

EAM defines banned weapons as defense goods whose use and production are rejected due to the excessive suffering they cause. These are regulated by several international conventions, such as

- the Chemical Weapons Convention¹,
- the Biological Weapons Convention²,
- the Ottawa-Convention³ on Anti-Personnel Mines,
- the Convention on Cluster Munitions (Oslo Convention⁴) and
- the Treaty on the Non-Proliferation of Nuclear Weapons (NPT⁵). Companies that contribute to the nuclear weapons programs of the three NATO states recognized as nuclear-weapon states under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) are permitted.

This definition ensures the exclusion of companies engaged in activities as defined in Article 12(1)(a) of Regulation (EU) 2020/1818 (EU Regulation on minimum standards for EU reference values for climate change and Paris-aligned EU reference values)⁶.

1 [Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction \(1993\)](#)

2 [Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological \(Biological\) and Toxin Weapons and on their Destruction \(1972\)](#)

3 [Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction \(1997\)](#)

4 [Convention on Cluster Munitions \(2008\)](#)

5 [Treaty on the Non-Proliferation of Nuclear Weapons \(1968\)](#)

6 [Commission Delegated Regulation \(EU\) 2020/1818 of 17 July 2020](#)

2. Scope of Application

Retail Funds

This obligation applies to all retail funds and portfolios that are actively and discretionarily managed by EAM.

Individual Securities

Any investment in securities of companies that violate the criteria described in [Section 1](#) is prohibited.

Third-Party Funds Managed by Other Asset Management Companies

An investment in third-party funds is permissible, provided that the calculated holdings of these funds do not exceed 5% in violation of the guidelines and operationalizations applicable to individual securities as set forth by EAM. Exceeding this threshold will render the third-party fund ineligible for investment.

Special funds and public fund structures

Non-sustainably managed special funds are generally exempt from this obligation.

In the case of sustainably managed special funds, as defined in Articles 8 or 9 of the Disclosure Regulation (SFDR), deviations from compliance with this policy may only occur if, at the request of the special fund clients, an alternative sustainable commitment compatible with EAM's approach regarding the relevant exclusion is applied.

At the explicit request of the clients of a public fund (large investor fund), deviations from the regulation may be permitted for external mandates where EAM is not involved in the management of the fund or the investment strategy and merely provides the fund structure. In the case of sustainably managed large investor funds, as defined in Articles 8 or 9 of

the Disclosure Regulation, deviations from compliance with this policy may only occur if, at the request of the clients, an alternative sustainable commitment compatible with EAM's approach regarding the relevant exclusion is applied.

Individual portfolio management

At the explicit request of the clients, adherence to this guideline can be dispensed with in the case of individual portfolio management, provided that the portfolio management has not been classified as an Article 8 or 9 product under the Disclosure Regulation.

Sustainable Retail Funds

Sustainable retail funds, as defined in Articles 8 or 9 of the Disclosure Regulation (Regulation (EU) 2019/2088), managed by EAM are subject to an even stricter obligation regarding weapons, namely a general exclusion of weapons manufacturers. Therefore, for these funds, in addition to the aforementioned categories of banned weapons, investments in any nuclear weapons, uranium munitions, and conventional weapons are prohibited. The details for the operationalization of these [exclusion criteria](#) are available on EAM's website. On this basis, and in collaboration with external research partners (ISS ESG, MSCI ESG), EAM evaluates companies regarding their (potential) involvement in these activities.

The development of new categories of weapons and the drafting of international regulations are continuously monitored with consideration of the available data. In this way, EAM can potentially incorporate these new categories of weapons into its criteria catalog.

This policy not only enables EAM to fulfill its responsibilities as an investor and to minimize risks, but also assists in meeting the requirements of the PRI (Principles for Responsible Investment).

3. Approach

The analysis conducted is based on information from EAM's data providers, with a focus on maintaining a comprehensive information base.

Companies where involvement in banned weapons is considered confirmed or proven, or where there is significant evidence of involvement, will be excluded from EAM's investment universe. General allegations regarding potential indirect involvement in banned weapons that cannot be directly linked to any of the company's products do not necessarily lead to exclusion.

To minimize the risks arising from involvement in banned weapons, no threshold for sales derived from such weapons is defined. Involved companies that meet the aforementioned criteria will be excluded in all cases. Within a corporate group, the parent-subsidiary principle is applied. Holding A is liable for all subsidiary companies. A subsidiary company B, whose business activities are not related to banned weapons, is not liable for the holding or for an involved subsidiary company C. In this case, Holding A and Company C would be excluded, while Company B would remain eligible for investment.

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The prospectus for UCITS (including any amendments) is published in accordance with the provisions of the InvFG 2011 in the currently amended version. Information for Investors pursuant to Art 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 Art 21 AIFMG, and the Key Information Document can be viewed in their latest versions at the website www.erste-am.com within the section mandatory publications 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 Information Document is available, and any additional locations where the documents can be obtained can be viewed on the website www.erste-am.com. A summary of investor rights is available in German and English on the website www.erste-am.com/investor-rights as well as at the domicile of the management company.

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Detailed information on the risks potentially associated with the investment can be found in the fund prospectus or Information for investors pursuant to Art 21 AIFMG of the respective fund. If the fund currency is a currency other than the investor's home currency, changes in the corresponding exchange rate may have a positive or negative impact on the value of his investment and the amount of the costs incurred in the fund - converted into his home currency.

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.

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.

It is expressly noted that in this report shall not be construed as providing investment advice or investment recommendations; this report simply represent the current market opinion. This report is not intended as sales instruments, and shall therefore not be construed as an offer to buy or sell financial or investment instruments. The investor shall be solely responsible for any and all decisions that he makes on the basis of this report.

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