

**ERSTE**  
Asset Management

# Stewardship Policy

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# 1. General

## 1.1 Objective

*Our mission is to ensure long-term shareholder value by minimizing risk, creating new opportunities and promoting environmental and social stewardship.*

Sustainability is a term that comes with a long tradition at Erste AM. Early on, we discovered that investors were increasingly taking into account environmental, socioethical and governance aspects in their investment decision.

Erste Asset Management GmbH (Erste AM) coordinates and is responsible for all asset management activities across Erste Group. Erste AM manages assets worth EUR 78.22bn (as of December 2023) in Austria, Croatia, the Czech Republic, Germany, Hungary, Romania and Slovakia. EUR 16.62bn thereof are managed according to strict sustainability criteria.

Since 2012, Erste AM has assumed a more active role with companies on behalf of its investors. We exercise our voting rights, attend Annual General Meetings (AGM) and set up and maintain a direct dialogue with company boards, the latter activity is also known as Engagement.

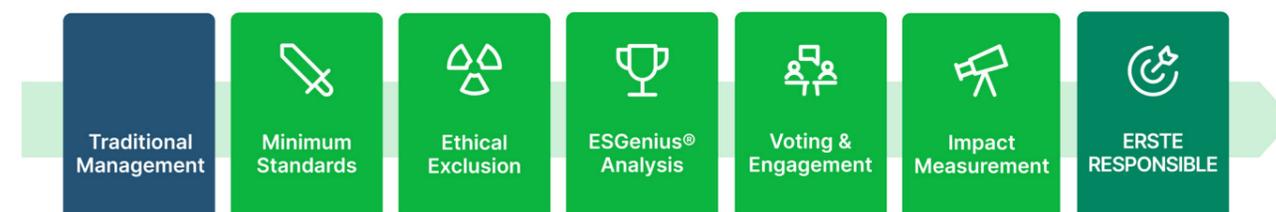
### Integrated ESG-Management of Erste AM

Erste AM has developed an integrated ESG management system which is the basis of all mutual funds that are composed of individual securities.

In addition to the ethical criteria of exclusion and a best-in-class approach utilizing the inhouse ESG Scoring model (ESGenius Score), engagement and voting at AGM constitute the third supporting pillar of our sustainability process.

The goal of our sustainability and engagement activities is to convince companies of adopting a more sustainable corporate strategy.

### Integrated ESG-Management of Erste AM



## 1.2 Scope

In order to act in the best interest of its clients and the company, Erste AM has developed the capacity and know-how over the past 20 years to integrate environmental, social and governance (ESG) factors in its investment processes and decisions. This know-how does not only serve our explicitly sustainable funds, but is at disposal to the entire company. To this end, Erste AM invests and mobilizes significant resources, both internally and externally.

Our product strategy places a particular focus on the integration of sustainability risks in investment decision processes. When introducing new products and improving existing products, we clearly prefer those investment strategies that conform with this strategic orientation. Products being currently offered are proactively evaluated at least once per year and enhanced where possible in terms of integrating sustainability risks in the respective investment strategy.

### 1.2.1 Code of Conduct

Erste AM subscribes to the fundamental values of a law-abiding, ethical and sustainability-oriented corporate culture and lays the foundation for this culture in the Erste AM Code of Conduct, which contains binding rules for all day-to-day activities.

Erste AM also acts in accordance with both the [International Corporate Governance Network \(ICGN\) Global Stewardship Principles](#) and the [Responsible Business Conduct for Institutional Investors](#) under the OECD guidelines.

### 1.2.2 Carbon footprint

Erste AM is actively striving to reduce its carbon footprint in all areas. To this end, the Scope 1 and Scope 2 emissions are measured in accordance with the Greenhouse Gas Protocol. Plans are in place to measure Scope 3 emissions when such data become available. The determined carbon emissions are then not only offset according to the pertinent international standards, but emission reduction goals are also defined and pursued (replacing business trips with video conferences, switch to commuting by public transport, reduced paper use, etc.).



The Principles for Responsible Investing (PRI) and UN Global Impact are the foundation of our sustainable investment approach. UN Global Impact complies with voluntary and statutory stewardship requirements (ICGN Global Stewardship Principles, SFDR, SRD II, and responsible business conduct for institutional investors under the OECD Guidelines).

As signatory, Erste Asset Management is committed to the following principles in its investment policy:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

When selecting our external partners, we also attach importance to the fact that they have signed the PRI principles or follow them as far as possible.

### 1.2.3 Erste AM's alignment with the Paris climate goals

The Erste AM is part of multiple international agreements to measure, monitor and reduce the carbon emissions of its investments.

#### Montreal Carbon Pledge

In 2016, Erste AM became the first Austrian asset manager to sign the PRI Montreal Pledge. This obligates Erste AM to measure and publish the carbon footprint of its equity and bond funds.

Signatory of:



#### Climate Action 100+

Climate Action 100+ is an investor coalition launched in 2017 and designed for a period of five years. The goal is to motivate the largest global greenhouse gas emitters to reduce their emissions, to financially measure climate risks in their balance sheets, and to bring their business strategies in line with the goals of the Paris Agreement.

The companies addressed by the CA100+ initiative account for more than 80% of corporate industrial greenhouse gas emissions. Under Climate Action 100+, Erste Asset Management has assumed primary responsibility for the joint engagement with OMV AG.



#### PACTA 2020 initiative

In May 2020, Erste AM decided to participate in the first Austria-wide climate impact test, the PACTA 2020 initiative. PACTA stands for Paris Agreement Capital Transition Assessment and is a model that was developed by the independent non-profit think tank 2° Investing Initiative to evaluate the climate-friendliness of investment portfolios. The objective is to measure how portfolios align with the Paris climate goals.

#### Nature Action 100

Nature Action 100 is a newly emerging institutional investor coalition that is expected to start engaging with companies in 2024. The aim is to promote the efforts and measures of the selected companies to combat the loss of nature and the decline in biodiversity. The companies targeted by the initiative operate in key sectors that are considered systemically relevant to reversing the loss of nature and biodiversity by 2030. The Secretariat and the Business Engagement Working Group are co-chaired by Ceres and the Institutional Investors Group on Climate Change (IIGCC). The initiative's technical advisory group is led by the Finance for Biodiversity Foundation and Planet Tracker. As part of the Nature Action 100 initiative, Erste AM will, among others, take the lead for a joint engagement with one of the focus companies.

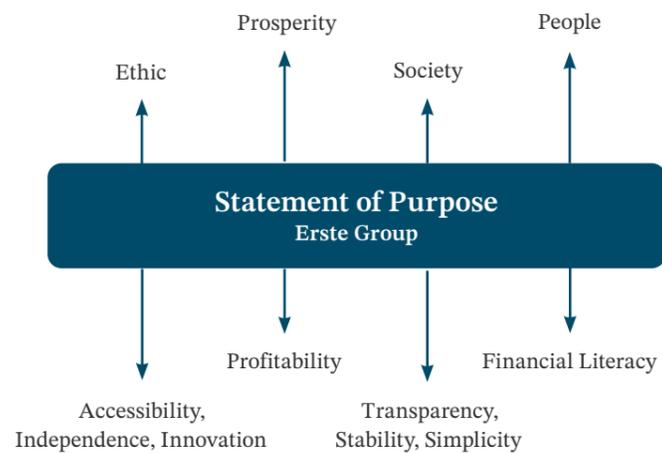


# 2. Integration

## 2.1 What motivates us

It is important for us to act as responsible stewards of the assets we manage and take accountability for our actions by promoting responsible behaviors.

Our stewardship approach is in line with Erste Group's Statement of Purpose, which defines what we stand for:



At Erste AM we are determined to develop our products and services to the highest possible standards, as we want to be judged on our contribution to the prosperity of the individual, society and environment, both regionally and internationally. Our Statement of Purpose is reflected in all our investment strategies and is at the heart of our engagement approach.

Engagement is one of the overarching tools in Erste AM's investment approach. The positive changes that are catalyzed by this dialogue promote investment opportunities for sustainable investors and enable the mitigation of risk for existing investments.

### Our priorities:

As climate change and the biodiversity crisis are major global risks not only threatening the planet and all its ecosystems but also the future generations, we make it our mission to promote climate change mitigation and adaption and to prevent the loss of biodiversity

Erste Group has signed the Net Zero Banking Alliance and Principles for Responsible Banking in 2021 and contributes to the implementation of the UN Sustainable Development Goals and the Agenda 2030. Its diversity strategies and activities support gender equality (goal no. 5), human working conditions and economic growth (goal no. 8), and less inequality (goal no. 10).

## 2.2 Active Ownership

We understand active ownership as a key pillar in our investing approach. This means that our responsibility is not limited to incorporating sustainability criteria into portfolio selection, but also to be an active investor who engages with the companies we own, to promote measures that serve social responsibility, environmental protection, prevent biodiversity loss and enhanced transparency. We distinguish here between engagement, in other words formal and informal dialogue with companies, and the exercise of voting rights at annual general meetings.

As a result of the positive change that is instigated by this dialogue, new investment opportunities for sustainable investors may emerge. The Boards of involved companies get to know what progress our investors demand, which in turn is generating a long-term impact. In order to ensure consistency and transparency of [our engagement and voting practices](#) and to ensure compliance with the legal requirements, Erste AM describes hereby its procedure as follows. A detailed description of how various biodiversity issues are implemented in our engagement and voting practices can be found in [our Biodiversity Policy](#).

### 2.2.1 Our engagement approach

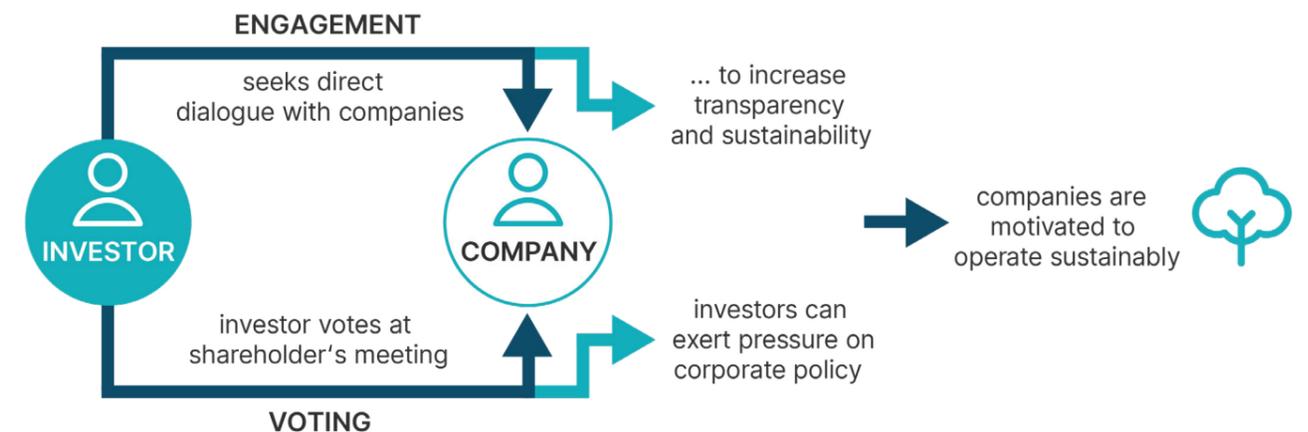
The goal of the engagement approach of Erste AM is to achieve maximum changes towards sustainable management in a direct dialogue with companies and on behalf of our clients.

This is ethically motivated, but in addition it is our duty as sustainable investor to minimize the ESG risks of our existing investments and to generate new opportunities for our clients.

#### 2.2.1.1 Why we engage

As a committed investor, Erste AM seeks active dialogue with the management of relevant companies as part of its sustainability process. This exposes weaknesses of the management in handling environmental, social and governance aspects. Furthermore, addressing these issues with companies serves to seek joint solutions for improvement. Engagement is not only a question of responsibility, but also contributes to minimizing risks and thus can improve the long-term investment outlook. Consequently, Erste AM may exclude companies that fail to show responsiveness.

## ACTIVE VOTING & ENGAGEMENT



**So we engage:**

- to identify investment risks and opportunities and improve long-term performance of the investee companies while ensuring the high quality of our investments for our clients
- to strengthen our relationship with companies and thus promote best practice and long-term investment decisions
- to defend and spread our corporate governance principles
- to take Accountability by promoting environmental and social justice, in line with the SDGs and the UN Global Compact
- because engagement is our most powerful tool to drive change that reflects our values

**2.2.1.2 How we engage**

By contrast to voting, which is only possible as a shareholder of a company, in the case of engagement, Erste AM also enters into a dialogue as a stakeholder with companies in which we may or may not hold any shares. Bond owners (i. e. securities which, unlike shares, do not carry voting rights) may also achieve significant results.

**2.2.1.3 Our engagement strategies**

Erste AM employs three engagement strategies:

**Local engagement**

As market leader in CEE, Erste AM regards domestic companies as one of its focal areas. Its market position and reputation allow Erste AM to maintain an efficient dialogue with companies. The engagement process is launched as soon as our regular research efforts indicate that engagement would make sense. This automatically ensures a focus on relevant issues. For example, our engagement with OMV since 2014 led to the implementation of emission reduction targets including compensation policy and lobbying for the achievement of the Paris climate goals.



**Collaborative engagement**

Bundling of ESG interest with other investors in order to increase the clout with international groups and jointly promote sustainable change through dialogue with companies. In doing so, we resort to international sustainability networks such as Climate Action 100+, PRI, CRIC, Nature Action 100 and the engagement service of Sustainalytics. Starting in 2023, Erste AM will act as lead investor within the framework of the international Engagement Initiative Nature Action 100 initiative for the preservation of biodiversity and is also involved in several other engagement initiatives such as; 'Responsible Clean-Tech'(ends in December 2023), 'Child Labor in Cocoa'(concluded), 'Human Rights Risks in Xinjiang (China)'(concluded), 'Living Income, living wages' (concluded).



**Dialogue**

Erste AM frequently addresses ESG- and biodiversity-related issues and analyses them on the basis of the data provided by our research partners (MSCI, ISS and Sustainalytics). We also initiate direct dialogue with companies to discuss their sustainability approach and future strategy, and ESG-related concerns are addressed by our fund managers and ESG Analysts through regular investor calls.



**More detailed information about our engagement activities and cases can also be found in our annual engagement reports on [Erste AM's website](#).**

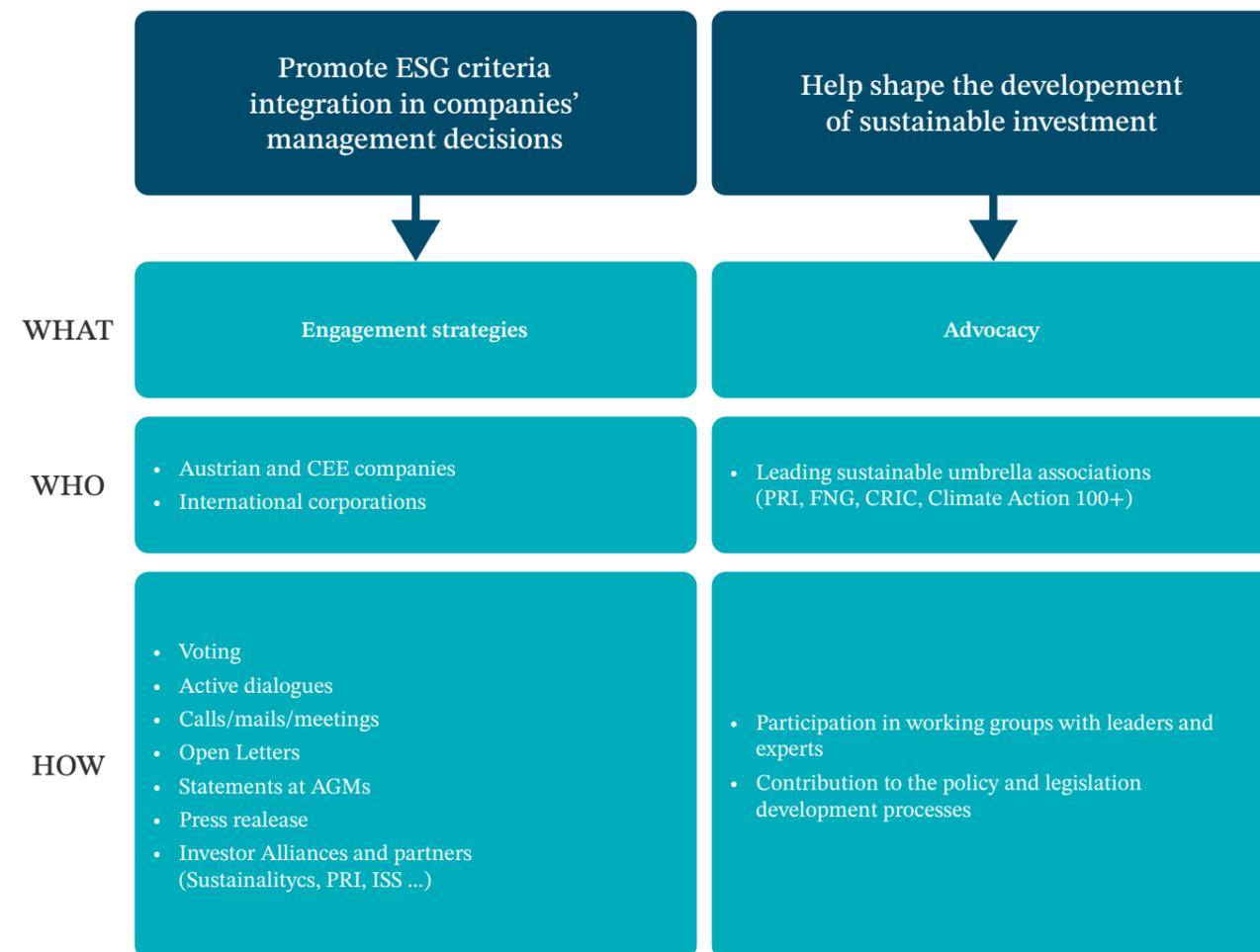
Through our engagement approach, we take accountability not only by promoting ESG criteria integration in both local and international companies' management decisions but also by raising awareness of current sustainability topics. Collaborating with other investors also enables us to have a more powerful voice and thus a bigger impact internationally.

**2.2.1.4 Advocacy Action**

We assume responsibility as an active member in leading associations geared towards advancing sustainability in the investment world (e.g. Eurosif, CRIC, FNG), where on the one hand we get the chance to help shape the development of sustainable investments, and on the other hand benefit from concerted investors' action, for example when engaging with companies.

At a global level, the aim is to promote the implementation of the Paris Agreement and integration of the TCFD's recommendations as well as to support the UNFCCC's multilateral climate negotiations. While at the regional level, we aspire to foster longterm and ambitious EU policy frameworks (in line with the net zero emissions by 2050) and ensure the consideration of national climate and sustainable finance policy issues in European countries.

**OBJECTIVES**



## 2.2.2 Our voting approach

Voting is a central pillar of our active ownership approach. Erste AM has already exercised the voting rights conferred by the shares held by its RESPONSIBLE funds in accordance with the Erste AM's Voting Policy since 2012, meaning that we are actively participating in the voting process of those companies we are invested in.

In 2015, the Responsible Investment Team of Erste AM expanded voting to all mutual equity funds, making the voices of the investors who hold units in Erste AM funds indirect shareholders of the target companies. Within the framework of our voting guidelines, votes are also subject to our sustainability approach.

Since 2017, Erste AM has also exercised voting rights on behalf of institutional clients. This way, clients can exercise their role as responsible investors and, thanks to the expertise of Erste AM, validate and support proposals in the areas of E, S, or G.

In addition, Erste AM has made a commitment in 2023 in the Biodiversity Policy to actively take biodiversity and the decline in biodiversity into account when exercising voting rights.

### Implementation

In Austria, we exercise the voting rights directly. Internationally, our proxy advisor and partner ISS (Institutional Shareholder Services) handles this task. Erste AM will exercise its voting rights, if our funds hold at least a combined EUR 2 million of equity in the company or more than 5% worth of its outstanding shares. Erste AM will exercise its voting rights typically for assets held in its mutual funds. In some cases, also for other funds. Exercising these voting rights is restricted to those funds for which a member of Erste Group acts as custodian bank. Voting rights are always exercised in accordance with the Engagement & Voting Policy of Erste AM.

More detailed information about the voting policy can also be found on Erste AM's website: [www.erste-am.at](http://www.erste-am.at)

To ensure transparency and consistency in voting behaviour, Erste AM' voting behaviour is reported regularly and publicly on the [Erste AM's website](http://www.erste-am.at).

### 2.2.2.1 Conflict of interest

By exercising voting rights on general meetings of companies a conflict of interest might occur in certain cases.

#### Following situations were identified:

- AGM (Annual General Meeting) of Erste Group Bank AG which is the parent of Erste AM
- Constellations in which Erste Group Bank AG
  - is a shareholder of a listed company, owns more than 10% and identifies conflict of interest,
  - is owned by a listed company by more than 5% and identifies conflict of interest or
  - has a strategic partnership with a listed company and identifies conflict of interest.

#### Affected Companies

Regarding the mentioned criteria following companies were identified by Erste AM as affected:

|                           |                      |
|---------------------------|----------------------|
| Erste Group Bank AG       | (ISIN: AT0000652011) |
| Vienna Insurance Group AG | (ISIN: AT0000908504) |

For these companies Erste AM will abstain from exercising voting rights to avoid conflict of interest. The list of affected companies will be reviewed annually, in advance of the main season.

### 2.2.2.2 Share blocking

In certain cases, shares might be blocked in a period around the meeting. This would be of a topic especially in the markets Argentina, Curacao (form. Neth. Antilles), Egypt, Iceland, Kazakhstan, Lebanon, Luxembourg, Mauritius, Morocco, Norway and Switzerland. In such a case Erste AM will also abstain from voting.

## 2.3 Investment process

### 2.3.1 What do we expect from companies

#### Environment

- Limiting climate change
- Product innovation
- Preservation of natural habitats
- Low water consumption
- Reduce CO<sub>2</sub> emission
- Disposal
- Optimal use of resources
- Protection of the atmosphere, natural resources and water
- Avoidance of animal testing
- Product innovations

#### Social

- Respect for human rights
- Equality
- Elimination of discrimination
- Avoidance of child labour
- Prohibition of forced labour
- Work-life-balance
- Further training opportunities
- Appropriate remuneration
- Responsibility in conflict and risk areas
- Promotion of diversity
- Product responsibility

#### Governance

- Measures against bribery and corruption
- Composition of the Board of Management
- More women on supervisory boards
- Independence of the Supervisory Board
- Incentives for executives to act more sustainably
- Strengthen shareholder rights
- Transparent reporting
- Dialog with stakeholders
- Fair competition

Our ESG criteria are based on the UN Global Compact requirements.

### Exclusion criteria

- Nuclear power
- Speculation on food
- Coal mining (>5% of revenues)
- GMO

- Violating of labour rights
- Exclusion of controversial weapons
- Child labour
- Animal testing
- Arms/weapons
- Pornography
- Abortion
- Tobacco

- Fraud
- Corruption

The criteria shown in this graphic are only examples of criteria and are an extract from our catalogue of criteria.

### 2.3.2 Monitoring of investee companies

Monitoring investee companies is an important part of our stewardship policy, as it ensures the alignment of our investment with our commitment to sustainability. The responsible investment team thus regularly conducts monitoring, which in case of escalation, may result in divestment.

#### What?

- ESG integration, Preparation of PAI Disclosure
- Quality of the company's reporting for the Art 4 SFDR and Art 8- and Art 9-SFDR funds and portfolios (according to SFDR and Taxonomy Regulation)
- Effectiveness of the company's governance and leadership: including compliance to international governance guidance, governance policies, proxy adviser
- Material risks: including ESG risk and controversy

#### How?

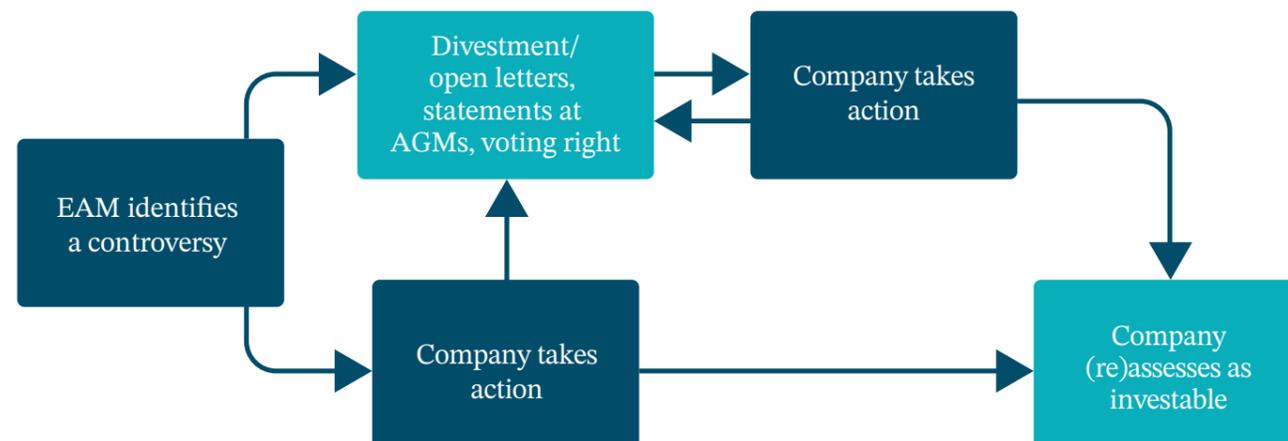
- Every quarter
- Monitoring of ESG screening and exclusion criteria
- Using our ESG data providers' information on violations of sustainability criteria
- Through our engagement and voting right execution on topics such as human rights, environmental and sustainability management, workers' rights and corporate ethics
- Reviewing of reports, reference documents and public announcements

In case of controversy, we may initiate dialogue with companies to encourage them to respond to the situation at hand. Our escalation process is described in the graphic below.

When Erste AM or our data providers (ISS ESG, MSCI, Sustainalytics, etc.) identify a controversy, a dialogue with the company may be initiated. If the action taken by the company is

satisfying, the ESG profile of the company remains assessed as investable, else, further actions are taken to urge the company to act responsibly (using open letters, voting against the management at AGMs or making statements at AGMs) and may lead to divestment. However, even after divestment, we leave room for remediation with a chance for the divested company to become re-investable again.

#### Escalation process



### 3. Our ESG toolbox

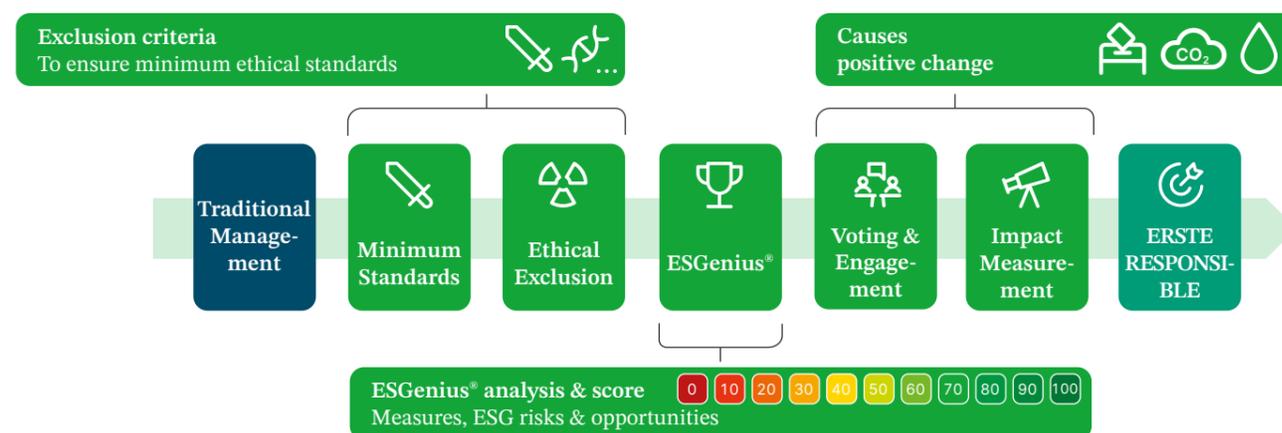
Erste AM has drawn up procedures for taking the principal adverse impacts (PAIs) into account and has developed policies for fulfilling its due diligence obligations relating to the adverse impacts of investment decisions on sustainability factors, in line with the EU taxonomy requirements.

Our responsible and impact funds apply all available ESG tools to ensure the highest ethical standards, minimize ESG risk and promote positive change.

As sustainable investment process creates the biggest value added when it combines all available tools and methods, we address sustainability impacts and indicators using our ESG toolbox:

The due diligence procedure consists primarily of:

- the regular review of quantitative requirements and limits in risk management using positive lists and/or negative lists
- additional supporting (quantitative) evaluations in risk management for verifying the plausibility of assumptions and further (relevant) information for management
- the review of the processes and documentation as part of the regular OP risk, ICS, and compliance audits



#### Company-wide minimum standards

Also valid for non-sustainable, discretionary managed mutual funds of Erste Asset Management GmbH.

| Category | Minimum criteria | Exclusion criteria | Norm-based Screening | Best-in-Class | Integration | Engagement | Voting** | Focused sustainability impact | Thematic funds*** | Fulfill Austrian ecolabel or FNG label criteria |
|----------|------------------|--------------------|----------------------|---------------|-------------|------------|----------|-------------------------------|-------------------|---|
| Art. 6   | ●                |                    |                      |               |             | ●          | ●        |                               |                   |   |

#### ESG funds

Minimum requirements / use of ESG-tools for products to be classified according to Regulation (EU) 2019/2088 Article 8 and Article 9 respectively.

| Category | Exclusion criterias |                    |                      | Best-in-Class | Integration | Engagement | Voting** | Focused sustainability impact | Thematic funds*** | Fulfill Austrian ecolabel or FNG label criteria |
|----------|---------------------|--------------------|----------------------|---------------|-------------|------------|----------|-------------------------------|-------------------|---|
|          | Minimum criteria    | Exclusion criteria | Norm-based Screening |               |             |            |          |                               |                   |   |
| Art. 8   | ●                   | ○                  | ○                    | ○             | ●           | ●          | ●        |                               | ○                 | ○   |
| Art. 9*  | ●                   | ●                  | ●                    | ●             | ●           | ●          | ●        | ●                             | ●                 | ●   |

● Full use of ESG Tools

○ Partial use of ESG Tools

\* Except ERSTE RESPONSIBLE MICROFINANCE due to its specific investment process focused on microfinance.  
 \*\* for equity funds as well as directly held shares in selected funds of funds, according to Erste AM's Voting Policy  
 \*\*\* Thematic funds do not try to depict the economy as a whole, but invest in selected sectors and economic activities. In certain cases, this focus can provide a targeted, positive contribution to environmental and social objectives, for example in areas such as environmental technologies, health or socially and ecologically relevant sectors of the future. Only thematic funds whose theme can make such a contribution shall be considered

ERSTE RESPONSIBLE MICROFINANCE may make significant investments in investment funds (UCITS, UCI) pursuant to section 71 of the 2011 Austrian Investment Fund Act.

The Austrian Financial Market Authority (FMA) hereby warns: In accordance with section 166, para. 1, point 3 of the Austrian Investment Fund Act (InvFG 2011), ERSTE RESPONSIBLE MICROFINANCE can invest up to 100 % in alternative investments that might bear higher investment risks compared to traditional investments. These investments in particular may incur losses up to the total amount of the invested capital.

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary

basis and the scope of discretion of the management company is not limited. Please note that investing in securities also involves risks besides the opportunities described.

For further information on the sustainable focus of ERSTE RESPONSIBLE MICROFINANCE as well as on the disclosures in accordance with the Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852), please refer to the current §21 AIFMD Document, section 12 and the Annex "Sustainability Principles". In deciding to invest in ERSTE RESPONSIBLE MICROFINANCE, consideration should be given to any characteristics or objectives of the ERSTE RESPONSIBLE MICROFINANCE as described in the Fund Documents.

Erste AM may use ESG tools for its investment funds to manage sustainability risks in the investment process. Other principles and methods may also be used for special funds issued by Erste AM if third-party management or consulting services are used for these funds.

Not all elements of the toolbox are used in all investment strategies. The use of the individual tools is decided independently for each investment fund depending on the respective investment strategy and the associated expected risk potential. If units in investment funds managed by other asset managers are purchased, funds are generally selected that offer the highest possible level of conformity with Erste AM's own funds in terms of the most significant adverse sustainability impacts and the sustainability indicators. The number of employed tools can be increased or reduced if regular reviews or current developments warrant this.

### Voting



The exercise of voting rights is an integral part of the management process. Erste AM exercises the voting rights conferred by the financial instruments that are held directly by its investment funds according to the sustainable Erste AM's Voting Policy, for which it can also commission a voting rights consultant. The objective here is to advocate for a sustainable business approach and the targeted management of individual, particularly relevant ESG risks. If the business approach is not sufficiently sustainable, possible actions include not discharging the management board of a listed company from liability or voting against supervisory board nominees for the listed company. Solutions for environmental and social issues are formally submitted to the management board of the listed company by voting yes on corresponding shareholder's motions. Irrespective of ethical, moral, and sustainable interests, this is also in the financial interests of all investors.

### 3.1 Minimum ethical criteria

These three mentioned points on this site are minimum ethical standards and requirements for all our mutual funds (bonds, equities):

More information about our ethical minimum standard policies can be found on [our website](#).

#### Minimum criteria



The minimum criteria for direct investments refers to the fundamental environmental and sustainability requirements for Erste AM's funds. By substantially limiting investments in coal, we contribute to a shift away from the greatest source of greenhouse gas emissions and to displacing this energy source from the market over the long term. Our minimum standards also include social and ethical principles. A key consideration is the exclusion of controversial weapons (manufacture and sale), which are regulated or prohibited under international conventions because of the immense suffering they can inflict upon the civilian population. These ethical principles also include the exclusion of instruments for speculating on food prices.

#### Engagement



Engagement means that Erste AM initiates a constructive and targeted dialogue with the companies in which it invests as part of its business activities in order to urge the decisionmakers in these companies to employ a sustainable business strategy approach. Erste AM acts directly as well as through investor platforms such as PRI and CRIC and takes part in joint engagement activities through a research services provider. These projects are of a longer-term nature so that they can have a lasting impact on complex sustainable change processes, for example the effective abolishment of child labour.

### 3.2 Additional instruments

In addition to the fundamental principles above, the following tools may apply to investment funds that promote environmental or social characteristics or a combination of such characteristics pursuant to Art 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (Disclosure Regulation):

#### 3.1.1 Exclusion criteria

Erste AM's exclusion criteria set strict ethical boundaries. These exclusion criteria serve not only to meet the high ethical requirements of the investors, but to also expressly prohibit investments in socially, economically, and environmentally relevant fields such as nuclear energy, petroleum products, and the generation of electricity from coal due to the associated adverse impacts or risk profile. This makes a direct contribution to improving the social and environmental footprint.

#### 3.1.2. Norm-based screening

Norm-based Screening assesses investments for their conformity with certain international standards to manage and limit sustainability risks in the portfolio. The exclusion criteria of Erste AM's investment funds take the relevant international standards into account, ranging from human rights and the International Labour Organization (ILO) standards to the UN Global Compact. Companies that do not adhere to these requirements are strictly excluded to avoid the Fund being complicit in the violation of these international standards.

#### 3.1.3. Best-in-class

Under a best-in-class approach, ESG criteria are applied to identify the pioneers within a specific sector. This approach allows a sector-neutral investment strategy while partially reducing sustainability risks. The ESG analysis using EAM's ESGenius® model evaluates companies based on their sustainable/ESG risk profile. Applying a best-in-class approach limits the investment universe to the best companies from an ESG perspective and ensures compliance with the highest sustainability standards. Over the medium term, this contributes to improving the sustainability management of the companies as all sustainable investors direct the capital flows. The success of this approach is demonstrated by a clear increase in the average rating, especially in the European market.

#### 3.1.4. Integration

The integration and associated reduction of ESG risks in the security selection process improves the risk profile of the respective investment fund through the lower weighting of non-sustainable or less sustainable securities in the portfolio and ensures that the investment fund makes an active contribution to the avoidance of social and environmental problems. One example is a typically better carbon footprint. The improved risk-adjusted return opportunities that result from integrating ESG risks into investment decisions have been confirmed by a growing body of scientific studies.

The internal ESGenius® platform provides all fund and portfolio managers with access to relevant ESG information on their portfolios and individual securities.

#### 3.1.5. Thematic funds

Thematic funds are investment funds that make targeted investments in fields such as energy efficiency, renewable energy, sustainable mobility, the circular economy, and social and development projects. The sustainability-related impact of the respective theme is reported for each of these funds.

#### 3.1.6. The Austrian Ecolabel and FNG-Label

Some of Erste AM's funds have attained certification according to the current financial market sustainability standards such as the FNG Label and the Austrian Ecolabel. This independent external assessment and confirmation ensures compliance with prescribed sustainability requirements.



In addition to the tools mentioned above, the following tool applies to investment funds that promote a sustainable goal pursuant to Art 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (Disclosure Regulation):

#### 3.1.7 Focused sustainability impact

The investment objective of Erste AM's impact funds is to generate the expected returns while investing in concrete solutions to social and environmental challenges such as climate change. This is intended to achieve a measurable positive sustainable impact. The estimated Impact is shown in an impact sheet for each Art-9 Fund. This information is provided in addition to the company-wide reporting on carbon intensity and the calculation of the water footprint.

## 4. Our partners and initiatives

### Partner with:



WWF und ERSTE ASSET MANAGEMENT kooperieren im Bereich nachhaltige Investments.



### Member of:



## 5. Transparency

Transparency is crucial to us, not only to maintain the trust of our clients but also of our employees. Our priority of improving our data quality is an essential part of our strategy and will support us to create transparency on all levels.

Our reporting and policy documents (among which our annual engagement and voting activities reports) are available on our [Erste AM's website](#) or [Erste Group's website](#).

### Contact

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### Company description

Erste AM ([www.erste-am.com](http://www.erste-am.com)) coordinates and is responsible for the asset management activities (asset management based on investment funds and portfolio solutions) within Erste Group Bank AG. At locations in Austria, Croatia, Czech Republic, Germany, Hungary, Romania and Slovakia, it manages assets of about 78,22 Mrd. Euro (as of December 2023).



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