

## Transparency of sustainability risk policies

**<<< Statement pursuant to art. 3(1)<sup>1</sup> of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector >>>**

As we are increasingly faced with the catastrophic and unpredictable consequences of climate change, resource depletion and other sustainability-related issues, urgent action is needed to mobilise capital not only through public policies but also by the financial services sector. In this regard, Regulation (EU) 2019/2088 aims to reduce information asymmetries in the information disclosed by financial market participants and financial advisers, by establishing disclosure requirements for specific information regarding their approaches to the integration of sustainability risks and the consideration of adverse sustainability impacts.

Sustainability (ESG) factors mean environmental, social or governance characteristics which could cause a positive or negative impact on the financial performance or solvency of a company, institution, state or individual.

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a material negative impact on the value of the investment. The occurrence of sustainability risks may have an impact on financial instruments in the medium and long term.

SAI Erste Asset Management S.A. is a financial market participant and falls within the scope of the EU Regulation.

As far as the company's fund management business is concerned, considering our investment policy, the investment universe and the limited amount of data available so far with respect to ESG criteria, SAI Erste Asset Management S.A. is currently unable to thoroughly assess sustainability risks and integrate them in the company's investment decision-making process.

In view of the considerations above, the investment policy of SAI ERSTE Asset Management S.A. is not compatible with the integration of sustainability risks, but the company is strongly committed to the objectives of the Regulation and will continue to make consistent compliance efforts, as part of the Erste Asset Management Group.

To this end, SAI Erste Asset Management S.A. is currently taking the following steps in order to identify, assess, prevent and integrate sustainability risks in its investment decisions:

- ✓ it enters into a constructive and targeted dialogue with the companies in which it invests as part of its business activities, in order to urge the company directors to employ a sustainable business strategy approach.

<sup>1</sup> Article 3(1) - Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.

- ✓ it monitors the regular sustainability reports published by the companies in which it invests as part of its business activities, in order to identify weaknesses in terms of environmental protection, social impact and corporate governance, as a way to find common solutions for improvement.
- ✓ based on the exclusion lists made available by the Erste Asset Management Group, it applies exclusion criteria in order to 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 coal mining, the manufacture and sale of controversial weapons, and businesses which do not adhere to the standards of the International Labour Organization (ILO) or the UN Global Compact.
- ✓ it follows and reviews sources of information which may be relevant in order to identify and measure the sustainability risks associated with the operations of the securities issuers in which it invests on behalf of its investors (including the reports of credit rating agencies, local and international news, adviser research, etc.). The aim is to allow SAI Erste Asset Management S.A. to set up a sustainability risk database for further reference in investment decision-making processes, provided that the available data is deemed sufficient, relevant and noncontradictory.
- ✓ it regularly reviews the available ESG criteria, in order to assess sustainability risks and integrate them in the investment decision-making process.

As regards the commitment of SAI Erste Asset Management S.A. to adhere to the objectives of the Regulation, the company will seek to promote an investment policy that is compatible with the integration of sustainability risks in the company's decision-making process as soon as the available information concerning the criteria defined in the applicable European Union laws is deemed sufficient for relevant reviews.

SAI Erste Asset Management S.A.

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