

ERSTE
Asset Management

Coal Divestment Policy

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.

Thermal coal sector is a significant contributor to rising temperatures of the planet, and hence with a responsibility impact towards society and future generations in terms of environmental preservation, human rights and human health.

And yet coal is a relevant factor of energy security of CEE region and serves as a significant primary energy source in district- and retail heating for some of the countries.

Based on the IPCC report (2014) the global warming limit of 1,5°C set by the Paris Agreement can be achieved only with phasing out coal sector as early as by near 2030. Yet taking the

dependency of the CEE region, the transition has to ensure energy security and social responsibility. Based on this insight and in cooperation with external research partners and data providers, Erste Asset Management evaluates companies with regard to their activities in the following areas:

- Mining of coal (thermal and metallurgical)
- Power production from coal or lignite
- Synthesis of liquid or gasified fuel from coal
- Publicly committed coal phase out plans of relevant companies

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.

2. Scope of Application

All retail funds and portfolios actively managed by Erste Asset Management on a discretionary basis are subject to this obligation.

Special funds are generally excluded from this obligation. In the case of special funds investing on a sustainable basis - as defined by Art 8 or 9 of the Disclosure Regulation/Art 6 or 5 of the Taxonomy Regulation - adherence to this guideline can only be dispensed with if, at the request of the client of the special fund, another sustainable obligation compatible with the approach of Erste Asset Management is applied with regard to the exclusion in question.

At the express request of the client of a mutual fund (large investor fund), this rule may be dispensed with for third-party mandates in which Erste Asset Management does not participate in the management of the fund or the investment

strategy and merely provides the fund shell. In the case of sustainable - as defined by Art 8 or 9 of the Disclosure Regulation/Art 6 or 5 of the Taxonomy Regulation - large investor funds, adherence to this guideline can only be dispensed with if, at the request of the client, another sustainable obligation compatible with the approach of Erste Asset Management is applied with regard to the exclusion in question.

Similarly in asset 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 Art 8 or 9 product as defined in the Disclosure Regulation/Art 6 or 5 product as defined in the Taxonomy Regulation.

3. Approach

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

The aim is to measure the share of coal-related activities in each company’s overall business¹. For coal mining operations, fuel synthesis from coal as well as utilities using coal in electricity generation we measure the share of relevant company revenues.

As of July 2021, Erste Asset Management excludes companies from its investment universe of all affected funds (see 2. Scope of Application) which exceed one of the below mentioned thresholds, unless the company credibly commits to phase out coal in accordance with the Paris Climate Accord (2030 the latest, based on IPCC report 2014)². Issuances with maturities not later than 30 September 2021 are exempt from this regulation.

	Mining of coal	Fuels produced from coal	Coal-fired electric generation
All actively and discretionarily managed mutual funds and portfolios ³	max. 5% of revenues		

¹ Equity holdings < 50% are not considered

² In order to make this transition in countries possible, where coal is still a significant primary energy source, we defined a grace period until the end of 2025 for publicly providing a reasonable Paris Aligned coal phase out plan. Engagement efforts on affected companies are reported in our yearly engagement and voting report.

³ As defined under “2. Scope of Application”

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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 § 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 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.

The management company can decide to revoke the arrangements it has made for the distribution of unit certificates abroad, taking into account the regulatory requirements.

Detailed information on the risks potentially associated with the investment can be found in the fund prospectus or Information for investors pursuant to § 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.

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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