ERSTE
Asset Management

Coal Divestment Policy

1. Principles

Erste Asset Management GmbH and its subsidiaries and branches (hereinafter referred to as EAM) are committed to refraining from investments in companies that are active in coal mining, the production of electricity, heat, steam or fuels from coal.

The extraction, combustion, and use of coal significantly contribute to the increase in greenhouse gas emissions and thus to global climate change. The coal sector bears a particular responsibility towards society and future generations in terms of environmental preservation, human rights, and health.

Based on the findings of the Intergovernmental Panel on Climate Change (IPCC, 2014) the limitation of global warming to 1.5°C, as agreed at the Paris Climate Summit 2015 (Paris Agreement), can only be achieved by phasing out coal sector by 2030. Given the current role of coal in ensuring energy, heat and steam supply in Central and Eastern Europe (CEE), the transition must be designed to be socially responsible and ensure security of supply.

Based on these insights and in cooperation with external research partners and data providers, EAM evaluates companies with regard to their activities in the following areas:

- Coal mining
- Generation of electricity, heat and/or steam from coal
- Production of fuels (liquid or gaseous) from coal
- Cleary articulated and publicly committed coal phase out-plan of relevant companies

The divestment of coal allows EAM to assume responsibility as investor and minimize long-term environmental and financial risks.

2. Scope of Application

With respect to Impact Asset Management GmbH ("I-AM"), this Policy applies only to discretionary portfolio management mandates managed by I-AM. References to retail funds, special funds, public fund structures, public fund wrappers or EAM-managed funds do not apply to I-AM, as I-AM acts exclusively as a delegated fund manager and does not establish or manage own investment funds.

Retail funds

This obligation applies to all retail funds and discretionary portfolios that are actively and discretionarily managed by EAM entities. For I-AM, only discretionary portfolio management mandates are in scope.

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

Special funds that are not managed with a sustainable investment approach are generally exempt from this obligation.

In the case of special funds that invest sustainably within the meaning of Articles 8 or 9 of the Sustainable Finance Disclosure Regulation (SFDR), deviation from compliance with this policy is only permissible if, at the request of the special fund client, an alternative sustainable commitment compatible with EAM's approach, regarding the relevant exclusion is applied.

Upon the explicit request of the client of a public fund, where EAM does not participate in the management of the fund or its investment strategy and merely provides the fund wrapper, compliance with this policy may be waived. For public fund wrappers investing sustainably within the meaning of Articles 8 or 9 SFDR, deviation from compliance with this policy is only permissible if, at the request of the client, an alternative sustainable commitment, compatible with EAM's approach, regarding the relevant exclusion is applied.

Individual portfolio management

At the explicit request of the client, deviation from compliance with this policy may be permitted 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 activities related to coal, namely the exclusion of companies involved in activities as defined in Article 12(1)(d) of Regulation (EU) 2020/1818 (EU Regulation on minimum standards for EU climate transition benchmarks and Paris-aligned EU benchmarks)[1]. The details for the operationalization of these exclusion criteria are available on EAM's website[2]. On this basis, and in collaboration with external research partners[3] as well as internal research, EAM evaluates companies regarding their involvement in these activities.

This policy not only enables EAM to fulfil 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 of company holdings is based on information provided by EAM's data providers as well as the financial data of the respective companies.

The share of the total business of the companies[4] under review is measured. For the operation of coal mines, the generation of electricity, heat and/or steam from coal, and the production of fuels from coal, the proportion of company revenue derived from these activities is taken into account.

Since July 2021, EAM has excluded from the investment universe of affected funds (see 2. Scope of Application) all companies that exceed any of the following thresholds, unless the company credibly commits to a coal phase-out in line with the Paris Climate Accord (by 2030 at the latest, based on the IPCC 2014 report).

For existing investments in companies from Central and Eastern European (CEE) countries engaged in the generation of energy, heat, or steam from coal, a temporary continuation of the investment is permitted until the end of 2035, provided that a credible coal phase-out plan, aligned with the respective National Energy and Climate Plans (NECPs) is submitted, ensuring a complete phase out of coal-fired power, heat, and steam generation no later than the end of 2035[5].

	Coal mining	Generation of energy[6] from coal	Production of fuels from coal
All actively and discretionarily managed mutual funds and portfolios[7]	max. 5% of revenues		

[1] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020
[2] Our sustainable exclusion criteria
[3] ISS ESG, MSCI ESG
[4] Equity holdings < 50% are not considered.
[5] Engagement efforts are reported annually in our Engagement & Voting Report.
[6] Generation of electricity, heat and/or steam
[7] As defined under "2. Scope of Application"

DISCLAIMER

This document is an advertisement. Please refer to the prospectus of the UCITS or to the Information for Investors pursuant to Art 21 AIFMG of the alternative investment fund and the Key Information Document before making any final investment decisions. Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English.

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 fund prospectus or the Information for Investors pursuant to Art 21 AIFMG and the Key Information Document are 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 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.

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