ERSTE
Asset Management

Biodiversity Policy

Principles of Erste Asset Management

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1. General Provisions

Our mission is to increase long-term shareholder value – by minimizing risks, developing new opportunities and promoting environmental and social responsibility.

1.1 Objective

Biodiversity – the diversity of life in all its forms – underpins a healthy and resilient natural environment. Thriving ecosystems provide essential services humanity depends on, including clean water, nutrition, raw materials, and climate regulation. Yet human activities such as urbanization, agricultural expansion, pollution, and greenhouse gas emissions are increasingly disrupting these systems and accelerating biodiversity loss. Companies play a significant role in driving these pressures, and those contributing most to biodiversity loss are often themselves highly dependent on natural resources and systems. This dual relationship – both impact and reliance on nature – results in growing biodiversity related risks to businesses, and consequently, to exposed investment portfolios.

To mitigate these risks as well as to support positive outcomes for nature, Erste Asset Management GmbH ("EAM") has decided to integrate biodiversity considerations across our business practices. We strive to align our approach with global biodiversity objectives set out in the Kunming Montreal Global Biodiversity Framework 2022 and with relevant existing and emerging regulations. Our commitment and methodology are outlined in this policy.

This policy aims to guide EAM in tackling one of the most pressing global challenges – biodiversity loss and the depletion of natural ecosystems. It outlines our approach, identifies the knowledge base we rely on, and describes the current state of biodiversity integration within our investment strategies and active ownership practices. Furthermore, it provides a forward-looking perspective on how we will continue to expand our expertise and deepen the integration of biodiversity considerations into our processes.

1.2 Scope

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

With respect to Impact Asset Management GmbH ("I-AM"), this Policy applies only to discretionary portfolio management mandates to the extent biodiversity considerations form part of the relevant investment strategy, sustainability classification or client documentation.

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 EAM 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 EAM 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 EAM 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.

2. Governance

2.1 Commitment

In 2022, EAM signed the statement from the private financial sector to the conference of the parties to the convention on biological diversity, which expresses our commitment to biodiversity protection and restoration. It was drafted by the UNEP Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI), and the Finance for Biodiversity Foundation and endorsed by 154 financial institutions, representing over $24.8 trillion in assets under management.

“We - the signatories of this statement - realize that biodiversity loss threatens our ability and the ability of future generations to live and thrive in a healthy, peaceful and prosperous world. As a result, we commit to contribute to the protection and restoration of biodiversity and ecosystems through our financing activities and investments. In support of this, we call for the adoption of an ambitious Global Biodiversity Framework (GBF) at the Biodiversity Conference to the UN Convention on Biological Diversity (COP 15) held 7 - 19 December 2022 in Montréal under the presidency of the People’s Republic of China.”

2.2 Oversight

The day-to-day implementation of our biodiversity approach is led by the Responsible Investments Team, which is part of EAM’s investment division and is tasked with integrating ESG considerations into the investment process and executing active ownership activities. The Responsible Investments Team develops the necessary frameworks, tools, and methodologies to operationalize the biodiversity strategy and ensure its effectiveness. It is also responsible for providing, among other ESG-information, a biodiversity assessment of companies to the fund management on a quarterly basis. Particular emphasis is also placed on the constant exchange between fund management and analysts in the Responsible Investments Team, with the goal of enabling knowledge transfer and integration of nature-related topics into investment decision-making.

Image source: Unsplash | Kai Wenzel

3. Our Principles

3.1 Definition

EAM follows the approach by IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service)[1] and understands biodiversity as "the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part". We differentiate between genetic, species and ecosystem diversity.

3.2 Knowledge Base

IPBES has scientifically identified five direct drivers of biodiversity decline:

1. ecosystem use change
2. resource extraction
3. climate change
4. pollution
5. invasive alien species

We have decided to adopt the IPBES framework as the foundation for integrating biodiversity considerations into both our quantitative and qualitative company assessments, as well as our active ownership practices. The table on the next page summarizes the relevance of each driver and provides concrete examples of how corporate activities can negatively affect biodiversity.

We acknowledge that biodiversity risks vary among sectors and geographies. Therefore, we consult external tools, such as ENCORE[2], Finance for Biodiversity Foundation, WWF Biodiversity and Water Risk Filters as well as perform own analytics to identify high biodiversity risk sectors and regions. Companies exposed to those sectors and geographies are treated with more caution in our investment and active ownership practice.

[1] IPBES (2019). Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (pp. 1-1082). Brondízio, E. S., Settele, J., Díaz, S., and Ngo, H. T. (eds). IPBES secretariat, Bonn, Germany. DOI.

[2] ENCORE Partners (Global Canopy, UNEP FI, and UNEP-WCMC) (2025). ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. [Online], August 2025, Cambridge, UK: the ENCORE Partners. Available at ENCORE. DOI.

Image source: Pexels | Ronile

Direct driver of biodiversity loss	Description of impact	Examples of activities contributing to biodiversity loss
Ecosystem use change	Human driven changes in land and sea use - such as agricultural expansion, urban development, mining, and alterations to watersheds - destroy, fragment, or degrade natural habitats. These disruptions push species out of their ecological niches, reduce ecosystem resilience and ultimately destabilize the balance of nature.	Deforestation, operations in biodiversity sensitive areas (intact ecosystems, deforestation fronts, concervation areas), business involvement in commodities that drive deforestation (beef, soy, palm oil), destruction of coastal ecosystems.
Resource use	Extraction of living and non-living natural resources beyond their regenerative or sustainable limits depletes habitats, disrupts ecological balance and directly accelerates the decline of species and ecosystems.	Excessive and unevenly distributed freshwater withdrawal, lack of water recycling and appropriate measures to reduce water use, overfishing.
Climate change	Climate change accelerates biodiversity loss by reshaping ecosystems faster than species can adapt. Rising temperatures, shifting rainfall and extreme weather events are rapidly causing species declines. Sensitive ecosystems such as coral reefs, Arctic and alpine habitats, and tropical regions are especially vulnerable.	Emissions of greenhouse gases through own operations, purchased energy and upstream and downstream value chains, lack of decarbonisation measures.
Pollution	Pollution degrades air, water, soil, and entire habitats, introducing harmful substances that disrupt ecosystems and threaten the survival, health, and reproduction of affected species.	Emissions to air and water, non-recycled solid and liquid (hazardous) waste, plastic pollution.
Invasive alien species	Invasive plants and animals spread into new regions through expanding trade networks, human mobility and climate driven shifts in habitats. They outcompete native species, disrupt ecosystem functions, alter food webs or introduce new pests or diseases, which poses serious risks to ecosystem stability and human health.	Lack of appropriate measures to prevent introduction of invasive species, e.g. through transportation.

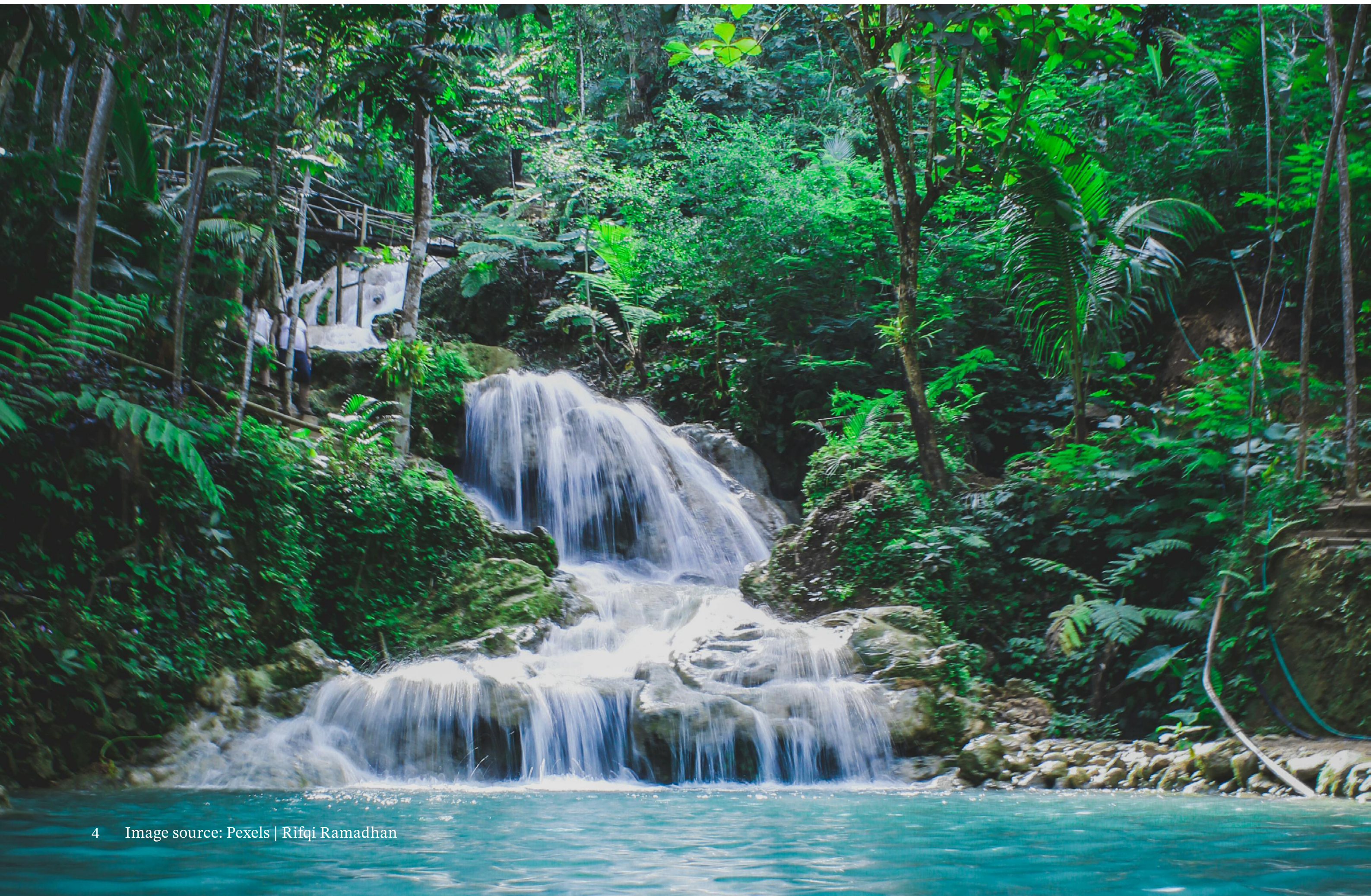

Image source: Pexels | Rifqi Ramadhan

4. Integration

4.1 Investment Process

Our responsible investment process relies on our best-in-class approach, which also considers specific exclusion criteria. Detailed explanation on the process and the applied criteria can be found on our website.

Biodiversity agendas are integrated into our investment process:

1. in our best-in-class approach as sector-specific materiality factors flowing into our ESGenius Score (internal rating)
2. as exclusion criteria through our proprietary Biodiversity Score

4.1.1 Best-in-Class Approach

Our best-in-class approach applies to all Art 8 and 9 public funds managed by EAM. The assessment is carried out by means of our proprietary ESGenius Score, which is calculated by geometric mean combination of ESG ratings we get from our data providers. The ratings are considering specific materiality issues, which vary among sectors. In case of unavailability of an ESG rating, the Responsible Investments Team of EAM carries out an own qualitative assessment of a company based on the SASB methodology.

Examples of biodiversity-related topics, which are sector-specifically incorporated into the ratings are:

3. land use
4. materials sourcing
5. water and wastewater management
6. carbon emissions
7. climate action and targets
8. waste and hazardous materials management

4.1.2 Exclusion Criterion

Biodiversity considerations as an exclusion criterion currently apply to our Art 8 Responsible and Art 9 single title funds. In 2025, EAM has developed and integrated a proprietary Biodiversity Score, which is a quantitative model used to identify biodiversity risks, leaders and laggards according to the companies' impact on biodiversity. The Score is based on the IPBES impact methodology and uses sector-specific materiality framework developed by ENCORE. The laggards are excluded from the investable universe for Responsible single title funds under a specific threshold. The build-up of the score allows to follow, which particular impact on biodiversity has contributed to the Score the most and therefore to identify the primary risk area.

4.2 Active Ownership

Voting-related active ownership provisions do not apply to I-AM, as I-AM does not establish or manage own investment funds and does not exercise voting rights in its capacity as a delegated fund manager.

EAM's Active Ownership approach applies to both engagement and voting activities. It is described in detail on our website and in our Stewardship Policy. Our engagement and voting statistics, current priorities and most remarkable outcomes can be found in our yearly Engagement & Voting Reports.

EAM has identified biodiversity as one of its key engagement focus themes, which is addressed through multiple engagement streams and collaborative platforms. Current biodiversity related issues we engage on include:

1. pesticide use
2. deforestation
3. pollution
4. water use
5. emissions reduction
6. biodiversity risks within supply chains

The Biodiversity Score supports this work by helping identify risk areas and prioritize companies for engagement.

5. Updates and Reviews

This policy is subject to regular reviews and updates.

The assessment of companies' impact on biodiversity is performed on a quarterly basis through the recalculation of the Biodiversity Score. Consequently, companies that score below a chosen threshold are being excluded from the investable universe for Responsible single title funds.

The progress of biodiversity engagements is documented internally after each meeting with a company. On a yearly basis, EAM publishes an Engagement & Voting Report on our website, which describes our active ownership achievements of the year, including those related to biodiversity, and discloses statistics such as number of engagements and votings, topics and geographies.

6. Outlook

We are committed to continuously strengthening our knowledge and capabilities to accelerate the integration of biodiversity considerations into our investment and active ownership practices. We have defined a following roadmap of developments until 2030:

1. Enhance Data-Driven Analytics: Advance our approach to identifying biodiversity risks, leaders, and laggards. Further work on introducing geospatial, asset-level analytics to improve precision of company assessments.
2. Accelerate Engagement: Intensify engagement with companies identified as laggards, monitor progress, and, where no meaningful improvement is achieved, consider divestment in a manner that safeguards our client interests. Strengthen our engagement capabilities by joining additional engagement streams, broadening thematic coverage, and deepening in house expertise
3. Strengthen Voting Practices: Support shareholder proposals that specifically address biodiversity and ecosystem-related agendas, as outlined in our Voting Policy.

7. References

7.1 Contact

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7.2 Company description

Erste AM coordinates and is responsible for the asset management activities (asset management based on investment funds and portfolio solutions) within Erste Group Bank AG and is active on locations in Austria, Croatia, Czech Republic, Germany, Hungary, Romania and Slovakia.

Image source: Unsplash | Aaron Burden

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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 web site 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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