

Coal Exit Strategy

Gothaer Asset Management

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Gothaer Asset Management (GoAM) supports the Paris Climate Agreement and is committed to limiting average global warming to 1.5 C of pre-industrial levels. The latest scientific findings of the Intergovernmental Panel on Climate Change¹ as well as the energy scenarios² referencing them make it clear that achieving the goals of the Paris Climate Agreement requires a rapid transition from thermal coal.

We believe that all companies in the thermal coal sector should have and pursue robust transformation plans to limit climate change risks to humanity as well as their own business operations. To contribute to this transformation, GoAM has adopted the following strategy to phase out coal from its investments.

1. Expanding the existing exclusion criteria to include companies that are involved in:
 - the construction of new coal-fired power plant capacities of at least 100 MW or
 - ment of new coal mines or a significant increase in annual production of at least 1 million tonnes of hard coal, or
 - or companies that plan the development/expansion of coal transportation facilities or other infrastructure facilities to support coalmines³.

2. A complete phase-out of coal-based energy by 2030 at the latest in the European Union and OECD countries and by 2040 at the latest in all other countries.

3. A gradual reduction in the turnover threshold for companies that generate part of their turnover through the extraction or generation of electricity from thermal coal and are therefore excluded by the Go-AM. The following table summarizes the complete reduction plan. As part of the merger of Barmenia and Gothaer to form BarmeniaGothaer, the turnover threshold for coal mining was reduced early from 15% in the EU and OECD countries, and 20% in other countries, to 5% in each case.

Timeline for implementing our exclusion criterion for companies that generate part of their revenue from conversion of thermal coal into electricity.

Year	Turnover threshold for EU und OECD Countries (Electricity generation from thermal coal)	Turnover threshold for other countries (Electricity generation from thermal coal)
2022	20 %	20 %
2024	15 %	
2026	10 %	15 %
2028	5 %	
2030	0 %	10 %
2034		5 %
2040		0 %

¹ Intergovernmental Panel on Climate Change Special Report: 1.5 °C Global Warming, (<https://www.de-ipcc.de/256.php>)

² For example, the International Energy Agency's energy scenario "Net zero by 2050. A roadmap for the global energy sector", (<https://www.iea.org/reports/net-zero-by-2050>) or the energy systems model "Global and regional coal phase-out requirements of the Paris Agreement: insights from the IPCC Special Report on 1.5°C", (https://climateanalytics.org/media/report_coal_phase_out_2019.pdf)

³ The application of these exclusion criteria is based on the information on the international securities identification numbers (ISIN) of the companies concerned in the "Global Coal Exit Lists" of urgewald e.V

Timeline for implementing our exclusion criterion for companies that generate part of their revenue from extracting thermal coal.

Year	Turnover threshold for EU and OECD countries (extraction of thermal coal)	Turnover threshold for other countries (extraction of thermal coal)
2022	20 %	20 %
2024	5%	5%
2026		
2028		
2030	0%	
2034		
2040		0%

Disclaimer

- 1) The statements made here reflect the current opinions and knowledge of Gothaer Asset Management AG and may be re-evaluated in the future based on current scientific and social developments. The statements made are intentions. Actual events or decisions may differ from these statements.
- 2) The above exclusion criteria apply to all corporate investments with the exception of ETFs and actively managed target funds that are target investments of Gothaer mutual funds. Gothaer mutual funds currently account for less than 3% of our total assets under management. For actively managed target funds, we also seek to implement our exclusion criteria in the best possible way through dialog with the respective external managers and, in the case of ETFs, by searching for suitable alternatives.