

# Coal Exit Strategy

**Gothaer Asset Management AG**

December 2021

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 Change as well as the energy scenarios 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. In order to continue to contribute to this transformation, GoAM has adopted the following strategy to phase out coal from its investments, which apply from 1<sup>st</sup> January 2022.

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
  - the development of new coal mines or a significant increase in annual production of at least 1 million tonnes of hard coal, or
  - companies that plan the development/expansion of coal transportation facilities or other infrastructure facilities to support coalmines.

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 of the turnover threshold for companies that generate part of their turnover from the extraction or conversion of thermal coal and are excluded by the GoAM. From 1<sup>st</sup> January 2022, the current turnover threshold of 30% will be reduced to 20%. The following table summarises the full reduction plan.

Year	Turnover threshold for EU and OECD countries	Turnover threshold for all other countries
<b>2022</b>	20 %	20 %
<b>2024</b>	15 %	
<b>2026</b>	10 %	15 %
<b>2028</b>	5 %	
<b>2030</b>	0 %	10 %
<b>2034</b>		5 %
<b>2040</b>		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.

## Disclaimer

*1) The statements made herein reflect the current opinions and knowledge of Gothaer Asset Management AG and may be reassessed in future to reflect the most recent scientific and social developments. The statements made are expressions of opinion. Current 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, which are target investments of Gothaer mutual funds. Gothaer mutual funds currently account for less than 3 % of our total assets under management. In the case of actively managed target funds, we engage in dialogue with the respective external managers and, in the case of ETFs, by seeking alternatives, we try to implement our exclusion criteria in the best possible way. The amount of total carbon-related violations in Gothaer mutual funds may not currently exceed 3 % of the respective fund assets. This maximum limit is reviewed regularly.*