

# **ESG Disclosure pursuant to Art. 10 SFDR ARETE ENERGY TRANSITION SICAV a.s.**

Effective as at 01/11/2025; updated as at 01/01/2026.

## 1 SUMMARY

1. By way of this disclosure letter, ARETE investiční společnost a.s., ID No. 238 40 382, with its seat at náměstí 14. října 642/17, Smíchov, 150 00 Praha 5 (the "**Company**") as a financial market participant within the meaning of Art. 2 (1) (e) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") is disclosing information concerning the following fund managed by it: **ARETE ENERGY TRANSITION SICAV a.s.**, ID No. 232 46 766, with its seat at náměstí 14. října 642/17, Smíchov, 150 00 Praha 5 (the "**Fund**"), which is a financial product promoting environmental or social characteristics.
2. As a rule, investors into financial products will take a variety of factors into account when deciding on the placement of their money. Aside from such basic factors as potential yield, risk of loss, and recommended investment horizon, investors have on an increasing scale been paying attention also to the environmental and social aspects of investments and seek to support firms and projects which take a responsible approach towards the environment, uphold human rights and humane working standards, and do their best to ensure the satisfaction of their customers and employees alike. Consequently, there has been increasing talk of sustainable, or ESG, investments. Three factors are represented in the abbreviation ESG: (i) E stands for environmental criteria, expressing the impact of investments on the environment (such as e.g. the fight against climate change, the protection of natural resources, reducing the production of waste, the protection of natural habitats and biological diversity); S stands for social criteria, expressing the impact of investments on society (such as support for equal opportunities, the protection of human rights, promoting social inclusivity and integration, improving working conditions, investments into human capital or into economically or socially disadvantaged communities); lastly, (iii) G stands for good governance (of the investees).
3. On the European level, the rising interest of investors in sustainable projects has led to the adoption of the SFDR, whose objective is to ensure that investors receive transparent information as to whether any given financial product actually pursues sustainability goals. In this respect, SFDR differentiates between three types of financial product: (i) financial products which have sustainable investment as their immediate objective (i.e., financial products pursuant to Art. 9 SFDR, also known as "dark green" products); (ii) financial products which do promote sustainability but may also follow other objectives (i.e., financial products pursuant to Art. 8 SFDR, also known as "light green" products); and (iii) financial products not concerned with sustainability at all.
4. Based on a decision made by the Company as the management company of the Fund, the Fund is as of 1 November 2025 a financial product within the meaning of Art. 8 SFDR, i.e., a light green product. This means that the Fund, as part of its investment activities, promotes certain environmental and social characteristics even though the Fund's main mission are not sustainable investments. The SFDR anticipates that funds within the meaning of Art. 8 SFDR may make sustainable investments (if only as a part of their investment portfolio), but the Fund does not currently make any sustainable investments.
5. In accordance with its investment strategy, the fund invests more than 49% of its assets into energy assets and energy holding companies. The Fund focuses on assets in the field of energy with stable returns, managing and developing them with the goal of sustained revenue increase. It attains the desired environmental and social characteristics by setting qualitative and quantitative ESG criteria for the environmental and social area, respectively, and reflecting whether they are met as a part of its analysis of each potential new investment, as well as monitoring their fulfillment on an on-going basis across its entire investment portfolio.
6. No index has been chosen as a reference benchmark for the attainment of environmental and/or social objectives.
7. The investment strategy of the Fund does not take into account any so-called principal adverse impacts (PAI) on the sustainability factors, due to a combination of technological, financial and personal factors.

Furthermore, the Fund annually reviews its intention to take these impacts into account.

## 2 NO SUSTAINABLE INVESTMENT OBJECTIVE

1. This financial product promotes environmental and social characteristics but does not have sustainable investments as its objective.
2. The Fund applies a broad concept of sustainability. Environmental and social characteristics are being promoted by applying the Fund's specific approach as set out in its ESG strategy, which can be found at [www.arete.eu](http://www.arete.eu) (the "**ESG Strategy**") and by which the Company considers itself bound when making investment decisions on account of the Fund.

## 3 ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

1. On the level of the Fund and through its own approach to sustainability as delineated by the ESG Strategy, the Company pursues the goal of improvement as regards the following key environmental and social aspects, as well as aspects concerning the area good governance:

*Environmental characteristics:*

- a. Reducing energy intensity and improving energy performance;
- b. Reducing greenhouse gas emissions;
- c. Promoting biodiversity and water management; and
- d. Reducing the production of waste.

*Social characteristics:*

- a. Health, safety, and wellbeing of employees and partners; and
- b. Support of local communities.

The Fund moreover puts emphasis on the implementation of good governance policies, also with respect to its suppliers.

2. A detailed description of the promoted environmental and social characteristics, including the quantitative and qualitative factors that are being monitored by the Fund (the "**ESG Factors**") and the related methodology, can be found in the ESG Strategy.
3. The investment strategy of the Fund does not take into account principal adverse impacts (PAI) on the sustainability factors, due to a combination of technical, financial and personal factors. Simultaneously, the Fund regularly revisits its intention to consider these impacts.

## 4 INVESTMENT STRATEGY

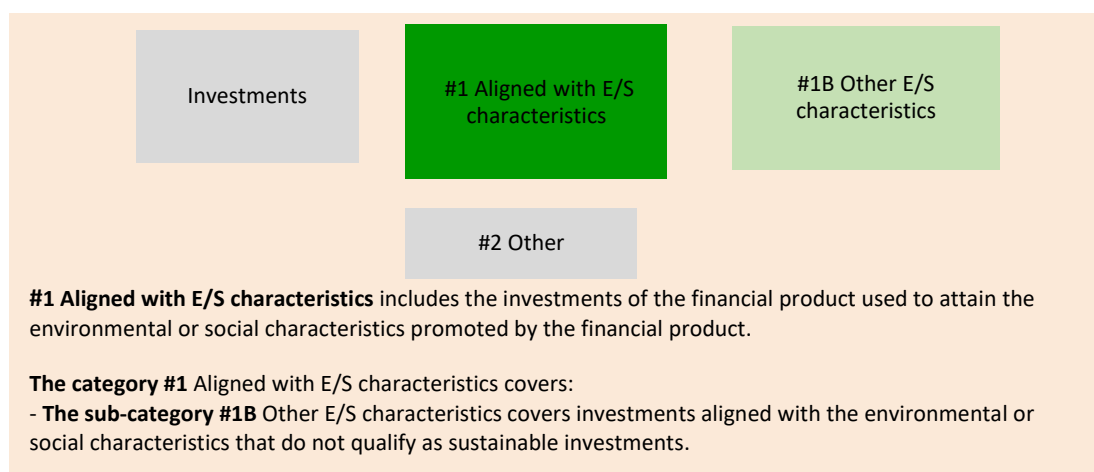
1. The investment strategy represents the guiding principle for investment decisions and is based on factors such as investment objectives and risk tolerance. The Fund's objective is to continuously generate a return on investors' deposits by making direct investments into energy assets, indirect investments into energy (via energy holding companies), and extending loans to energy companies. In accordance with its investment strategy, the fund invests at least 49% of its assets into energy and energy holding companies. In this manner, the Fund lets investors participate in the growth of the energy market and in the revenues of energy assets held by the Fund (and by the energy companies in which the Fund holds interest).
2. Given that the Fund is a financial product within the meaning of Art. 8 SFDR, it analyzes each investment for compliance with its ESG Strategy; in so doing, it assesses the potential sustainability risks associated with the investment and determines whether the investment is in accordance with the ESG factors

selected by the Fund for the promotion of environmental and social characteristics. Any investment can only be made if it is compatible with the ESG Strategy and does not result in a breach of the set ESG factors. The ESG analysis is being performed internally on the level of the Fund Management division, in close collaboration with the ESG Officer, Risk Management, and (where relevant) external advisors. The Fund has not put any list of criteria into place by which to exclude certain counterparties (i.e., a black list). With that said, the Fund does assess the sustainability risks associated with the counterparties to various transactions on a case-by-case basis, within the greater context of the ESG analysis that is performed for each transaction. Over a two-year period, the Fund aims for at least 80% of major investments to be related to sustainability.

3. As part of the collection of sustainability data and for the purpose of the internal analysis, the Fund uses, among other things, data provided by counterparties and from other external resources. Such external data may *inter alia* be incomplete, inaccurate, or temporarily available. One thus cannot rule out the risk that the assessment of a given investment in terms of whether it fulfils the ESG factors is not necessarily correct.

## 5 PROPORTION OF INVESTMENTS

The Fund has set no upper or lower boundary for investments promoting environmental or social characteristics.



## 6 MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

1. The Fund ensures the attainment of the set ESG factors by monitoring the fulfillment of predefined criteria for each ESG factor. These may be precisely quantifiable (e.g. in the form of the Fund's undertaking to keep a minimum percentage of buildings within the Fund portfolio of assets that hold a certain sustainability certification, a minimum number of newly planted trees per sq. m. of new development, a minimum percentage of recycled construction waste), or they may be of a strictly qualitative character (e.g. in the form of the Fund's undertaking to team up with, and support, organizations that promote biodiversity, or the Fund's undertaking to give support to local NPOs whose focus is on environmental or social issues). Whether the relevant criteria are actually being met is being monitored (i) as at the moment in which the relevant transaction (to be executed on account of the Fund) is being analyzed, as well as (ii) on an on-going basis, as a part of the follow-up monitoring.
2. Fund Management, in collaboration with the ESG Officer and Risk Management, shall prepare periodic semiannual reports on the fulfillment of the set ESG criteria (i.e., this report is to be drawn up as at 30/6 and 31/12). The Board of Directors of the Company shall hear and discuss this report and, if needed, take adequate measures to ensure the fulfillment of the ESG criteria.

3. The primary responsibility for setting out and implementing the ESG Strategy lies with the Board of Directors of the Company. The Fund moreover has appointed an ESG Officer who shall be in charge of monitoring adherence to the fulfillment of set ESG factors and provide assistance to other divisions within the area of sustainability.
4. The Fund may make use of external suppliers to monitor environmental and social characteristics.

## 7 METHODOLOGIES

1. For environmental or social characteristics, so-called ESG factors are used which take into account the individual specifics of promoted characteristics.
2. In the environmental area, the Fund focuses on these factors in particular:
  - a. Share of non-renewable energy consumption and production;
  - b. Energy consumption intensity;
  - c. Breakdown of energy consumption by type of non-renewable sources of energy;
  - d. Exposure to companies active in the fossil fuel sector;
  - e. Volume of direct and indirect greenhouse gas emissions emitted;
  - f. Water usage and its potential recycling;
  - g. Share of projects in sites located in biodiversity-sensitive areas;
  - h. Emissions to water;
  - i. Share of hazardous waste and radioactive waste ratio.
3. In the social area, the Fund focuses on these factors in particular:
  - a. Compliance with UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
  - b. Prevention of workplace accidents;
  - c. Results of employee satisfaction surveys; and
  - d. Volunteering initiatives.
4. In the area of good governance, the Fund focuses on these factors in particular:
  - a. Good Governance and Management policies;
  - b. Role of ESG Officer;
  - c. ESG training;
  - d. ESG reporting;
  - e. Code of Conduct for employees and suppliers;
  - f. Rules for the Protection of Whistleblowers;
  - g. Human rights, Anti-corruption and anti-bribery and Diversity policies.

5. Detailed information on all sustainability factors (criteria) used can be found in Schedule 1 to the ESG Strategy.

## 8 DATA SOURCES AND PROCESSING

The basis for assessing investment opportunities under ESG aspects is the information obtained in the course of preparing and executing the investment (i.e., primarily by way of enquiries with contractual partners or third parties or from sources in the public domain). For each investment, an analysis shall be performed in accordance with the ESG Strategy. An assessment is made of the sustainability risks

that are possibly associated with the transaction, and we determine whether implementing the given investment will lead to the fulfillment of set ESG factors as laid out in Schedule 1 to the ESG Strategy.

Where source data is missing, the Fund may also operate on the basis of estimates. Given that the Fund has only newly begun to follow environmental and social characteristics, it is currently not possible to quantify the proportion of source data that will be determined by way of estimates.

## 9 LIMITATIONS TO METHODOLOGIES AND DATA

The quality of the data for the assessment and subsequent monitoring of investments is limited by the delayed rollout of reporting standards. As higher data reporting standards continue to be introduced and the circle of entities who are obliged to process and disclose ESG data grows larger, the quality level of investment monitoring will rise over time. The Fund has particular expectations as to such improvements in the availability and quality of source data in connection with the full implementation of Directive (EU) 2022/2464 on corporate sustainability reporting. Shortcomings in data quality may be caused by human error, during the transfer or processing of data.

## 10 DUE DILIGENCE

In identifying and executing suitable investments, the Fund shall apply due diligence to determine whether the investment is in line with the promoted environmental and social characteristics. The fulfillment of environmental and social characteristics is being evaluated on a semiannual basis.

## 11 ENGAGEMENT POLICIES

1. Engagement is a process seeking to influence the behavior of the investee, with the goal to compel the given company to improve its approach to environmental and social issues.
2. Engagement policies are not an immediate part of the Fund's environmental / social investment strategy. However, the Fund does take influence on energy assets and other companies in which it holds shares toward a decision-making on the level of those companies which reflects the set ESG factors, so that the Fund is able to fulfil its ESG Strategy.
3. This Fund takes influence on the companies in which it holds shares by exercising its voting rights. Voting rights shall be exercised in accordance with the investment strategy of the Fund, of which the sustainability strategy is a part. The voting policy of the Company (which exercises the voting rights on account of the Fund) can be found at the Fund's headquarters.
4. The Fund also engages in an active dialog on sustainability with all energy (and other) companies in which it acquires a stake, which allows the Fund to draw the investees' attention to shortcomings in the areas of environmental and social issues (and possibly good governance issues) and to jointly seek a solution for improvements. The unwillingness of a given company to participate in such dialog may give cause to exit from the investment.

## 12 DESIGNATED REFERENCE BENCHMARK

As of today, no index has been designed as reference benchmark for the area of ESG, for the purpose of determining whether this product has attained the environmental and social characteristics promoted by it.