

Policy of Raiffeisen KAG und Raiffeisen Salzburg Invest

# Nuclear Policy

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**Systematic exit from financing for the nuclear and uranium industry by 2025 – with milestones to be achieved by 2025**

## 1. Objective of Raiffeisen KAG's Nuclear Policy

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.<sup>1</sup> strives to systematically exit the financing of the nuclear industry by 2030. The Nuclear Policy of Raiffeisen KAG extends to all investable companies that are active in the fields of nuclear energy, uranium mining, uranium processing, transport, and other infrastructure.

## 2. Nuclear energy at a glance

When we talk about nuclear energy (or nuclear power), we are referring to the topics of the associated technology, the production, and the transport and final storage of nuclear waste. We also include producers of uranium in this topic. The production and transmission of electricity inherently lead to the problem that the source of the production cannot be clearly retraced (due to the electricity mix, also in relation to potential shares from nuclear power).

**Technology:** Naturally, there have been enormous technological advancements and developments since the discovery of and the start of research into energy from nuclear fission in the early 20th century. Unfortunately, this has not led to a reduction of the most significant risks (as evidenced by the accidents that have occurred in recent decades). While promising concepts such as nuclear fusion (which will not be ready for production for at least 20 years) and nuclear microreactors are often discussed in the media, they do not offer any alternatives on a time horizon that is relevant for our investors.

**Final storage:** Due to the enormous half-lives of the fissionable products in nuclear waste (e.g. 700 million years for uranium), the world needs concepts that are viable for millions of years into the future. The scientific community has been unsuccessful in this context up to now, so the current risks are being passed on to future generations. This conflicts with Raiffeisen KAG's sustainability strategy.

**Uranium** is not only the most important raw material used in nuclear power plants, but also a main component in the technology behind nuclear weapons.

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<sup>1</sup>Referred to as "Raiffeisen KAG" in the following

Raiffeisen KAG's  
understanding of  
sustainability

### 3. The Brundtland doctrine

The Brundtland Commission, also referred to as the World Commission on Environment and Development, published the *Our Common Future* report in 1987, in which the concept of sustainable development was formulated and defined for the first time, thus making it the impetus for the global discussion and public awareness of the issue of sustainability.

According to this definition, sustainable development is development "that meets the needs of the present without compromising the ability of future generations to meet their own needs."

In the opinion of Raiffeisen KAG, investments in companies that profit from nuclear energy and in countries that pursue an expansive nuclear policy do not conform to this principle.

### 4. Disadvantages of nuclear energy

The  
disadvantages  
of nuclear  
energy far  
outweigh the  
advantages (no  
carbon)

Nuclear power plants harbour incalculable risk. This is also why no insurance company will ever insure a nuclear power plant. Nuclear disasters such as those that occurred in Chernobyl or Fukushima showed in drastic fashion just how devastating the consequences of an accident can be. Nuclear power plants pose a significant danger in the event of technical malfunctions, earthquakes, and natural disasters but also in the case of potential terror attacks or in connection with acts of war – and the consideration of nuclear microreactors does nothing to change this basic fact.

One very significant disadvantage of nuclear energy is the resulting radioactive waste, which in some cases takes hundreds of thousands of years to stop emitting dangerous radiation and has to be stored safely during this time. So far, humanity has failed to find a safe solution for the final storage of nuclear waste.

In addition, nuclear power harbours the risk that radioactive materials will be used for weapons. Although international treaties are in place that forbid this, the abuse of nuclear energy by the defence industry is possible.

Every euro that is invested in nuclear power is a euro that could be invested in renewable energy forms by far

The production of nuclear power does not harmonise with renewable energy sources such as wind power, hydropower, or solar power. Renewable energy sources are subject to a certain level of fluctuation and require dynamic, complementary energy systems. The constant feed of nuclear power into the power grid is not suited to such systems.

Compared to renewable energy, nuclear power is the most expensive form of energy generation, and this does not even include external costs. Furthermore, every euro that is invested in nuclear power is a euro that could be invested in the more forward-looking technology of renewable energy forms. While the prices for energy from renewable sources are declining in line with Moore's law, the costs of nuclear energy are rising. Therefore, Raiffeisen KAG believes that investments in nuclear power are not only unconstructive for environmental reasons, but also based on fundamental valuation arguments.

Uranium deposits are finite. According to UN and OECD data, the reserves will be exhausted in 20 years at the current rate of consumption. A report published by Greenpeace estimates that the reserves will last for 65 years at most.

Although nuclear power plants produce electricity in a climate-neutral manner, we take a critical view of nuclear energy. On the one hand, nuclear energy will not be able to play a significant role in the energy transition because the expansion of the capacities to the necessary level is – in contrast to wind and solar power – simply not realistic over the relevant time horizon. On the other hand, external costs are ultimately the key factor when it comes to valuation. While these are very low for nuclear energy in terms of carbon dioxide, this is offset by the massive external costs resulting from the final storage of the radioactive materials, which we feel results in a negative overall view.

## 5. Exit pathway

The development pathway for the exit from equities and bonds related to the nuclear industry is applied in all sustainably oriented funds that are actively managed by Raiffeisen KAG.

## Nuclear energy – development pathway

Core level	As of 1.1.2022	Phase 2 2025	Phase 3 2030
<u>Corporates</u>			
Total revenue	4%	4%	0%
Energy generation	0%	0%	0%
Uranium production	0%	0%	0%
Services related to nuclear energy***	4%	4%	0%
<u>Sovereigns</u> : Avoidance of investments in countries with nuclear power as a dominant energy source (share of nuclear power in total production > 50% or share of nuclear power increased by > 20% through expansion)*, consideration in indicator model			
<b>Standard level</b>			
<u>Corporates**</u>			
Total revenue	-	-	0%
Energy generation	10%	4%	0%
Uranium production	0%	0%	0%
Services related to nuclear energy***	-	-	-
<u>Sovereigns</u> : Consideration in indicator model			

Source: own concepts;

\*Supported by sustainability certifications

\*\*Exceptions in the case of positive shareholder engagement results (obligatory exit scenario)

\*\*\*This includes, for example, the supply of material components, technical support, maintenance, and the disposal of nuclear waste

### 5.1 Equities and corporate bonds

In the case of equities and bonds, we consider the given company’s revenue in the field of nuclear energy and uranium production. To this end, we have defined an exit plan that stipulates the complete exit from such companies by the end of 2030 via different phases. This is in line with the recommendations of various initiatives such as the Green Finance Alliance and the Net Zero Asset Owner Alliance. The dual use principle is applied for companies’ revenue.

In the context of nuclear energy, the term “dual use” refers to products which are used in nuclear power plants or for the transport of nuclear waste that were originally, but not exclusively, developed for these purposes. For example, this includes industrial components (e.g. manufactured by Siemens), general software (e.g. from SAP), and mechanical components of trucks or trains. Companies from these sectors are not excluded from investment.

Complete exit by 2030 via phased plan

## 5.2 Government bonds

Many factors for evaluating a country in the area of sustainability are incorporated into Raiffeisen KAG's Sovereign ESG Indicator. This includes indicators from all three dimensions (E, S, and G). In the environmental dimension, a country's nuclear power policy has the highest possible weighting in the indicator at a current level of 3.1%. The energy mix and potential phaseout and expansion plans are taken into consideration here. Due to the maximum weighting of nuclear policy in this indicator, countries with expansive nuclear policies are generally assigned low weightings.

## 6. Conclusion

**Raiffeisen KAG does not believe that nuclear power is among the energy forms that should be supported with investments**

Raiffeisen KAG is committed to exiting from nuclear power and uranium production in the corporates segment by 2030. Countries with expansive nuclear policies are generally assigned low weightings due to the high relevance of nuclear policy in Raiffeisen KAG's Sovereign ESG Indicator. With this policy, Raiffeisen KAG is acting in accordance with Austria's nuclear policy of recent decades and the stance of its owner, Raiffeisen Bank International AG. Raiffeisen KAG does not believe that nuclear power is among the energy forms that we should support with our investments. This is not in keeping with the EU Taxonomy, which defines investments in nuclear energy as sustainable with certain restrictions, but Raiffeisen KAG feels that every euro that is invested in nuclear power is a euro that could be invested in a more forward-looking and sustainable manner in renewable energy sources.

Our assessments in relation to this issue will be monitored on an ongoing basis and updated or adapted as necessary.

**Raiffeisen Capital Management  
is the umbrella brand of the following companies:**

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