

Money is the biggest leverage against climate change

- **The Climate Action 100+ Initiative is meant to induce the 100 biggest emitters of greenhouse gases to change their business model**
- **Erste AM to enter into dialogue with the oil & gas producer OMV AG**
- **The collaboration with various companies is intended to produce significant reduction in global greenhouse emissions**

Together against climate change: more than 300 investors with a total of more than USD 32 trillion in assets under management have teamed up to induce the 100 biggest issuers of greenhouse gases to finally change their business models. Erste Asset Management has joined this international Climate Action 100+ Initiative.

These 100 companies are responsible for a total of two thirds of the global greenhouse emissions. If they cannot be persuaded into a strategic shift, the Paris Agreement goal of reducing global warming to below two degrees may move out of reach.

Global risks require global responses

This applies in particular to climate risks: as early as in 2011, extreme weather events, rising greenhouse emissions, and natural disasters were identified by the World Economic Forum as among the top five in terms of events occurring with high probability. In addition to said events, our inability to adjust to the consequences of climate change and the directly resulting global water crisis came in second in 2019.

“In order to achieve the climate targets of the Paris Agreement, individual steps do not suffice any longer to reduce the greenhouse emissions. We need concerted, global efforts in order to avoid a potential global climate chaos,” says Gerold Permoser, Chief Investment Officer with Erste Asset Management.

Problem identified and successfully ignored

The world is about to miss the target of a 1.5% CO₂ reduction as signed in Paris again. At the moment, only a handful of countries are on their way to reach their greenhouse targets. “On the one hand, we have recognised the problem as grave, on the other hand we are not tackling it – even though the decisionmakers are responsible. As sustainable asset manager, we want to contribute as much as possible,” explains Permoser.

In the coming four years, Climate Action 100+ will be entering into an ongoing dialogue with the respective companies under the guidance of a local investor. The action plan envisages both informal engagement and targeted dialogues at AGMs. Designated shareholder proposals to be voted on by the shareholders will be prepared by specific partners.

In dialog with OMV

As biggest Austrian investment company, Erste Asset Management has taken leadership of the joint engagement of the Climate Action 100+ partners with OMV AG, which with a headcount of more than 20,000 and group sales of more than EUR 20bn is one of the largest industrial companies listed on the Vienna stock exchange.

As part of the dialogue, we frequently discuss the risks with OMV that the company is exposed to as oil and gas producer. In order to highlight the importance of the topic, Erste AM formally advocated at the 2018 AGM more transparency about the effects of the Paris Agreement on the value of the oil and gas reserves of the company and a stronger engagement with the change necessary to achieve the Agreement targets as part of the corporate strategy.

“The efforts of the Climate Action 100+ Initiative will be stepped up in the coming months and years in order to lay the foundation for a significant reduction in global greenhouse emissions together with our partners,” concludes Permoser.

INFO:

Climate change. Water shortages. Natural disasters. Our new ESG Letter on "Global Risks" in all their facets: <http://www.esgletter.at/>

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