

Erste Asset Management integrates sustainability in funds and on corporate level

- **From the end of February 2020, Erste Asset Management will be managing more than 50 funds with assets under management of EUR 13.4bn on the basis of criteria of sustainability**
- **This explicitly integrates environmental, social, and governance topics (ESG) with investment decisions**
- **Sustainability will become part of the corporate mission statement**

Erste Asset Management expands on its pioneering role in the area of ethics and environmental issues. We issued the first sustainable mutual fund as early as in 2001, and since 2006, the fund has been co-managed by WWF. Erste Asset Management is the market leader in Austria in this field with a total of 15 sustainable mutual funds and numerous special funds with assets under management of EUR 6.6bn at this point in time. Now the company is taking the next step by making sustainable criteria an integral part of a large number of its investment decisions. This will raise the assets under management that explicitly take into account ESG criteria to EUR 13.4bn (as of 31 January 2020).

“It is our task to manage the capital we have been entrusted with to the best of our abilities. We know that by taking into account sustainable criteria, we can provide our clients with a better risk-adjusted performance in the long run. Of course, this does not change the basic structuring of the funds,” as Heinz Bednar, CEO of Erste Asset Management, points out.

Erste AM has already implemented certain minimum criteria that the individual securities of its actively managed mutual funds have to fulfil. For example, Erste AM excludes investment in companies that operate in the field of banned weapons. This also applies to investments in derivatives instruments on food and to investments in companies where coal accounts for more than 30% of total sales.¹

As the first investment company in Austria, Erste Asset Management also decided in 2015 to sign the Montréal Carbon Pledge. This means the company agreed to measure and publish the carbon footprint of its portfolios. In addition, Erste Asset Management operates as sustainable investor by exercising the voting rights held by its investment funds to support ESG shareholder petitions.

Sustainability factors to become part of the investment process

In addition to the fundamental criteria taken into account so far (e.g. ROE, P/E ratio etc.), our fund managers will be considering environmental, social, and governance (ESG) aspects for parts of our product range. This means that in the future these criteria will not only be relevant across a few designated, sustainable funds, but they will be part of the investment process across the majority of our mutual funds.

¹ For further details on the minimum criteria, please visit the following links:

Guideline on food speculation:

https://cdn0.erstegroup.com/content/dam/at/eam/common/files/ESG/broschuren/EAM_Nahrungsmittel_Richtlinie.pdf

Guideline on banned weapons:

<https://www.erste-am.de/de/configuration/leads/ausschluss-geachteter-waffen.modal>

Guideline on coal mines

<https://www.erste-am.at/de/private-anleger/presse/presseaussendungen/2016/10/06/erste-asset-management-verbannt-kohleminen-aus-allen-publikumsfonds>

For our clients, nothing else will change; the underlying structuring of the various funds will of course remain the same: if you have bought a European equity fund, you will continue to hold a European equity fund; if you have bought a global bond fund, you will continue to hold a global bond fund, and so on. The main difference is that sustainability criteria will be taken into account, which in turn improves the quality of the fund. There are different ways the ESG criteria will be considered. From the end of February onwards, more than 50 funds will be managed on the basis of the integrated ESG criteria.

Sustainability will become part of the corporate mission statement

On top of more stringent criteria, Erste AM will also integrate sustainability more within the company and make it part of the corporate mission statement. In doing so, we calculate the carbon footprint of Erste Asset Management and try to establish with external partners how EAM can optimise its resource input (e.g. stationary) and support its employees in improving their behaviour in terms of environmental friendliness (e.g. transport). Also, the company has invested its equity capital sustainably since 2016.

“We are not taking this step lightly. It is important to us not to engage in greenwashing and instead to inform transparently and anticipate important developments such as the EU action plan on green finance. We want to be a significant driver for the qualitative development of the market for sustainable investments,” concludes Bednar.

About us

Erste Asset Management (Erste AM) coordinates, and is responsible for, all asset management activities within Erste Group. At our offices in Austria, Germany, Croatia, Romania, Slovakia, the Czech Republic, and Hungary, we manage assets of about EUR 61.19bn (as of 30 December 2019).

Erste Asset Management has been awarded the title of Best Investment Company of the Year by the trade magazine “Börsianer”.

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