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To invest sustainably means to assume responsibility

Paul Severin



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Paul Severin interviewed Heinz Bednar, CEO of Erste Asset Management on the importance of sustainable investments.

Mutual dependencies - ESG:

Environment - Social - Governance



Source: Erste Asset Management



Heinz Bednar:

CEO of Erste Asset Management and responsible for the asset management of Erste Group for more than ten years. Since 2007 also president of the Association of Austrian Investment Companies (Vereinigung Österreichischer Investmentgesellschaften, VÖIG).

What does sustainability mean to you?

To me, sustainability means to employ the available resources in a responsible and long-term manner. The interdependencies on the social, environmental, and economic level also have to be integrated into corporate and personal behaviour.

How important is this issue to you as asset manager?

We early started to offer our clients the opportunity to invest in funds with an ethical-ecological focus. Our first sustainable investment fund was launched as early as 2001. With assets under management of about EUR 3.9bn we are the market leader in Austria and are also among the most important providers of ethical-sustainable investment funds on an international scale. We generally exclude companies that deal in arms from all our actively managed investment funds.

How do you as an asset manager integrate the topic of sustainability in your investment

approach?

The core of our investment approach is our own sustainability rating which we carry out in collaboration with external research agencies. It is based on our in-house sustainability model. In evaluating the individual companies, we also pay attention to exclusion criteria and the overall sustainability aspects of the company.

How stringent are the criteria in your sustainability rating?

We have rated about 3,500 companies with regard to their sustainability. Given the strict approach of the sustainability team, only 36% of these companies have been deemed investable.

Do you run the risk of losing yield by reducing the investment universe that drastically?

We have to deal with this prejudice quite frequently. The performance of our investment funds paints a different picture. Sustainable investment strategies are at least as successful as traditional investments. At the same time our approach significantly reduces extreme price fluctuations, so-called tail risks.



How important is the topic of voting & engagement in this area?

With all our investment funds, Erste Asset Management gets involved as active shareholder. Last year, for example, we attended 170 annual general meetings. In addition, our sustainability team holds active dialogues with numerous companies whose aim is to increase transparency and sustainability.

What is the main difference to a traditional investment approach in your opinion?

I would say the main difference is the fact that both the investor in sustainable companies and subsequently the investor in our sustainable funds contribute to society. To invest sustainably means to assume responsibility.



Examples	Environment	Social	Corporate Governance
Exclusion criteria	Nuclear power, green gene technology	Arms, tobacco, avoidable animal testing, pornography	Child labour, corruption, falsification of balance sheets
Assessment criteria	Energy/water consumption, renewable energies, pollution	Healthcare, safety, working conditions	Corporate governance guidelines

Source: EAM

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Paul Severin has worked at Erste Asset Management since April 2008. Until 2012 he was responsible for the company's product management; he has directed communications and PR activities since April 2012. From 1992 to 2008, he was director of equity fund management and deputy director for institutional funds at Pioneer Investments Austria in Vienna.

His career in the securities business began in 1992 at Constantia Privatbank as a portfolio manager and analyst. He worked as primary analyst at Creditanstalt Investmentbank in Vienna from 1994 to 1999.

He studied international business at Innsbruck University and Marquette University in Milwaukee, WI, USA. Before his university studies, he worked at Dornbirner Sparkasse in letters of credit and export financing.

Paul Severin is a member of the board at ÖVFA (Austrian Association for Financial Analysis and Asset Management) and a CEFA charter holder.