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Together against grievances in cacao cultivation

Paul Severin



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Every European consumes an average of 5.2kg of chocolate per year. While demand keeps rising, climate change and social problems in connection with the main ingredient, cacao, represent a clear challenge. Erste Asset Management is part of the initiative "CocoaAction", a worldwide group of investors who are committed to the sustainable production and improved working conditions and standard of living of cacao farmers and their families. In this interview, Stefan Rößler, ESG investment analyst with Erste Asset Management, tells us what this initiative is all about and how it fights deficiencies and grievances in cacao production.



Stefan Rößler, ESG-
Investmentanalyst bei Erste Asset
Management

Stefan Rößler, Erste Asset Management is member of the initiative „CocoaAction“. Can you tell us more about that?

Rößler: The demand for chocolate and thus for the raw material cacao is on the rise, as also reflected by the cacao price, which has pretty much doubled since mid-2011. As a result, the raw material cacao has drawn some attention from global investors. We, from Erste Asset Management, are convinced that a due form of management in environmental, social, and governance aspects across all sectors also comes with positive ramifications for companies, and thus for the portfolio of their investors. Therefore the improvement of the social and environmental conditions in cacao production quite frankly is in line with the best interest of our investors, and thus in our own best interest. We are not alone with this insight and are therefore members of the "CocoaAction" initiative, along the lines of the idea that we are only strong united. Investors with total assets of USD 530bn just have a stronger clout.

What are the social problems that we see in the cacao industry?

Rößler: The main issue are the working conditions and the standard of living of workers on cacao farms, which also directly affect their families. In order for the social situation to improve, wages have to be sufficient, and access to education has to be expanded, not the least for children. This goes hand in hand with the fight against child labour, which in this sector remains a big issue.

And how does the initiative address these deficiencies?

Rößler: Prior to taking concrete steps, intensive research is required. "CocoaAction" acts as driving force in the development of a method of measuring the income of cacao farmers and their families across various regions in relation to other agricultural products. In order to fight child labour the initiative is committed to the introduction of a system of monitoring and countermeasures in cacao cultivation regions. So as to facilitate children's access to education, there is for example a collaborative project with the government of Ivory Coast, by which geographic gaps in the education system are to be disclosed and closed.

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Paul Severin

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.

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