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Climate Action 100+: global responses to global risks

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Global risks demand global responses. They often go beyond what a single asset manager can do. Therefore, Erste Asset Management regularly forms alliances with other investors in order to stand up for sustainable changes in a dialogue with companies.

Climate change is such a global risk. In order to fulfil the climate targets of the Paris Agreement, individual small steps are not enough anymore to reduce greenhouse gas emissions. We need global, concerted efforts in order to reduce global CO₂ emissions to a level that allows us to avoid climate chaos. For this reason, Erste Asset Management has joined the international Climate Action 100+ Initiative.

More than 300 companies

Under the aegis of PRI, the Institutional Investor Group on Climate Change (IIGCC), and four additional investor alliances, 300 investors with more than USD 32 trillion in assets under management have banded together to convince the 100 biggest issuers of greenhouse gases to finally change their business models. 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. At the same time, it is reasonable to expect those companies that refuse to face this challenge to be heading for imponderable operating and financial risks that make any investments in them a questionable affair.

Applying targeted pressure

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.

As the biggest Austrian investment company, Erste Asset Management has taken the lead in the joint engagement of the Climate Action 100+ partners with OMV AG. In this context, we are regularly discussing with the management of OMV about the risks the company faces as an oil and gas producer. In order to highlight the importance of the topic, we 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. We will step up these efforts over the coming months and years and will lay the foundation for a significant reduction in greenhouse gases together with our partners.

Read more on Global Risk in our [new ESG Letter](#).

Source: [Climate Action 100+](#)

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