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Erste Asset Management becomes a climate-neutral fund company

Armand Feka



- Erste Asset Management compensates its company-specific CO2 emissions
- CO2 emissions were 373 tons in 2019 (2018: 410t) (calculations by BOKU Vienna)
- Compensation of CO2 emissions by supporting international climate protection projects
- CO2 emissions will be determined for the entire EAM including CEE from 2021 and published annually
- Sustainable investment approach also at fund level: the CO2 intensity of sustainable EAM equity funds is more than 50% below that of the global equity market

Numerous companies increasingly see themselves as responsible for doing something to protect the climate, and for good reasons. The International Energy Agency (IEA) calculates that the CO2 emissions are still too high despite Corona. According to the Intergovernmental Panel on Climate Change, global CO2 emissions must fall to zero by 2050 in order to limit global warming.

Every company causes CO2 emissions, no matter how sustainable and economical it is. Erste AM was one of the first companies in the financial sector, together with BOKU Vienna (University of Natural Resources and Life Sciences), to carry out the comprehensive calculation of corporate greenhouse gas emissions in accordance with international standards at the beginning of 2020.

The calculation was carried out for the years 2018 and 2019 in Austria and certified by experts at BOKU.

Climate protection is not a catchphrase

"First of all, climate protection means recording all emissions and taking the right steps to consistently reduce them. Sustainability and climate neutrality are not just catchphrases for us. We promote and live both as a company," emphasizes Heinz Bednar, Managing Director of Erste Asset Management.

During the review, CO2 emissions were divided into three categories in accordance with the international "Greenhouse Gas Protocol": Scope 1 for emissions that arise directly at the company, e.g. the amount of fossil energy burned in one's own combustion system or fuel for company cars.

Scope 2 emissions are emissions that arise indirectly through the operation of the company (e.g. purchased energy such as electricity or district heating). By far the most difficult emissions to determine are Scope 3 emissions, which result from upstream value chains and the use of the company's products.

Most companies only include Scope 1 and 2 in their calculations, but Scope 3 in particular contains large amounts of emissions to be taken into account.

The way to a climate-neutral fund company

To compensate, there is on the one hand the mandatory CO2 market for the largest CO2 emitters in Austrian industry. In accordance with national and EU requirements, they have to measure, reduce, and report their CO2 quantities and, if necessary, offset them by purchasing CO2 certificates. On the other hand, there is a so-called voluntary market, on which climate-friendly companies or private individuals can offset their CO2 quantities.

Erste AM has opted for the second way – also due to its obligation as the largest sustainable fund manager in Austria – and supports two international projects with the help of its partner BOKU. A project in Ethiopia for the reforestation and regeneration of local forests in North Gondar.

With this reforestation project, around 11,194 tons of CO2 are to be offset over 30 years. Another project concerns forest protection in the Colombian rainforest (REDD + project). The aim is to protect a 600 hectare core area and 7,000 hectares of adjacent areas from deforestation.

"Our primary goal is to further reduce CO2 emissions as a company through specific measures. Climate neutralization through projects is a complementary step for us to be CO2 neutral as a company," Bednar emphasizes.

Examples of further reducing in-house CO2 emissions are the increased distribution of so called job tickets to reduce emissions on the way to work, increased use of video conferences, and the reduction of business trips. Support for climate projects is another measure with which Erste AM fulfills its responsibility as a pioneer in the financial sector.

Furthermore, the comprehensive determination of CO2 emissions is to be expanded to include the subsidiaries in the CEE region in the coming year.

CO2 intensity of sustainable funds more than 50% below that of global equity market

The topic of sustainability and ESG criteria (environmental, social and governance) was also integrated in all Erste AM corporate divisions. Since the beginning of 2020, more than 50 retail funds have been managed on the basis of integrated ESG criteria.

In 2015, Erste AM was the first fund company in Austria to sign the Montréal Carbon Pledge. This international investor initiative was launched with the aim of making a long-term contribution to reducing greenhouse gases. Erste AM publishes the CO2 emissions of the companies held in the equity funds every year.

The CO2 intensity of the EAM equity funds considered is more than 25% below that of the global equity market and, if the sustainable equity funds are taken into account, even more than half of global emissions.

About us:

With a sustainable investment volume of 13.4 billion euros (as of December 31, 2019), in a total of 50 sustainable mutual funds and several special funds, Erste AM is a pioneer and market leader in Austria in the sustainability sector. In addition, Erste AM takes on a pioneering role in the field of ethics and sustainability: Erste AM launched the first environmental equity fund in 2001, which has been managed in cooperation with WWF Austria since 2006.

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