

RESPONSIBLE RETURN

INVESTMENT BOARD
Certified Growth

ENGAGEMENT
Mayr-Melnhof Factory Tour

COMPANY OF THE MONTH
Svenska Cellulosa

PIN IT DOWN
On Tree Huggers and
Imperial Hunting



Editorial



Wolfgang Pinner is Chief Sustainability Investment Officer and heads the Responsible Investments team at Erste Asset Management.

The trend towards a paperless office is unstoppable – by the way, are you reading this newsletter on a screen or as a hardcopy?

Sustainable forestry is not a new issue, but it is a very essential one. Wood has served mankind since time immemorial as a building material, source of energy, working material and, of course, as a raw material for paper. The debate surrounding climate change has raised our awareness about the deforestation of rainforests and the importance of forests as storage for CO₂.

Trees are important for people. But a forest is not just a forest. Rainforests provide bio-diversity in flora and fauna. Reforestations, however, are often mere monocultures and therefore quite unsuitable for a complex ecosystem. Seen in that light, the preservation of the rainforests while simultaneously using reforestations is the objective of the sustainable wood and forestry industry.

How can consumers act in a more sustainable manner? Does your own furniture or the sheet of paper in your hand have a little bit of the rainforest on its conscience? The supply chain for all types of wood products (including paper and packaging material), begins with the tree itself. Certifications for wood are becoming increasingly important, with the most widely known standards being the FSC and PEFC. Both are – as must always be mentioned whenever certifications are concerned – not infallible, but they're pointing in the right direction.

Waste paper recycling helps to preserve existing forests, too. Paper and packaging that do not appear in bright white are therefore „blindingly brilliant“ alternatives with a sustainable background.

Sincerely

A handwritten signature in black ink, appearing to read 'Wolfgang Pinner'. The signature is stylized and fluid.

Mag. Wolfgang Pinner
Head of SRI Team

Investment Board

The EAM Investment Board gives a structured form to the ongoing and responsive dialogue with and among sustainability research agencies. The Board provides the opportunity for the consultation process between own research and external research to take place. It also discusses rating details, the ESG's assessment of the IPOs of new issuers and sustainability issues in general.

Wood – renewable raw material from a sustainable source



Every 2 seconds

an area of forest the size of a soccer field is being destroyed. This amounts to an annual loss of 0.13 percent of the global forest area.

Source: Greenpeace

Indiscriminate deforestation leads to dramatic consequences for the environment, which applies just as much today as it did thousands of years ago. For the sake of shipbuilding, Greeks, Phoenicians and Romans chopped down the woods in the Mediterranean region. The baths in the Roman Empire had to be heated too, so Rome had its wood imported from Africa already in the fourth century. Today, large swaths of the remaining rainforest fall victim every year to the planting of monocultures. Roughly 31% of the global land area is covered with forests; in the last decade, the size of the world's forests declined by 0.13% annually.

In support of sustainable forest management, certification processes for wood have been developed in the last two decades. The most common approaches are the FSC (Forest Stewardship Council) and the PEFC (Programme for the Endorsement of Forest Certification). The UNO estimates that

9% of international forests are currently certified, with approximately 60% in accordance with PEFC and 40% based on FSC standards.

When comparing the certifications, the FSC standard is more in-depth and evaluates companies individually, not in groups or regions like the PEFC, which is quite interested in ra-

**Apart from their leaves,
sustainable trees wear
FSC and PEFC certificates**

pidly increasing the amount of certified forests. In addition, on-site inspections are mandatory in the FSC, and the decision-making bodies are based on a three-chamber system that takes into account environmental, social and economic interests. These aspects are lacking in the PEFC approach, as is adequate consideration of stakeholder interests in the certification pro-

cess and the necessary transparency. Criticism of the FSC standard includes, among other things, that sometimes obviously not sustainable companies are being certified, as has happened in South America. The FSC attempts to address this criticism and to avoid errors by its accredited certification organisations (which operate locally and independently) by conducting annual inspections.

Status certification for sustainable forest management:

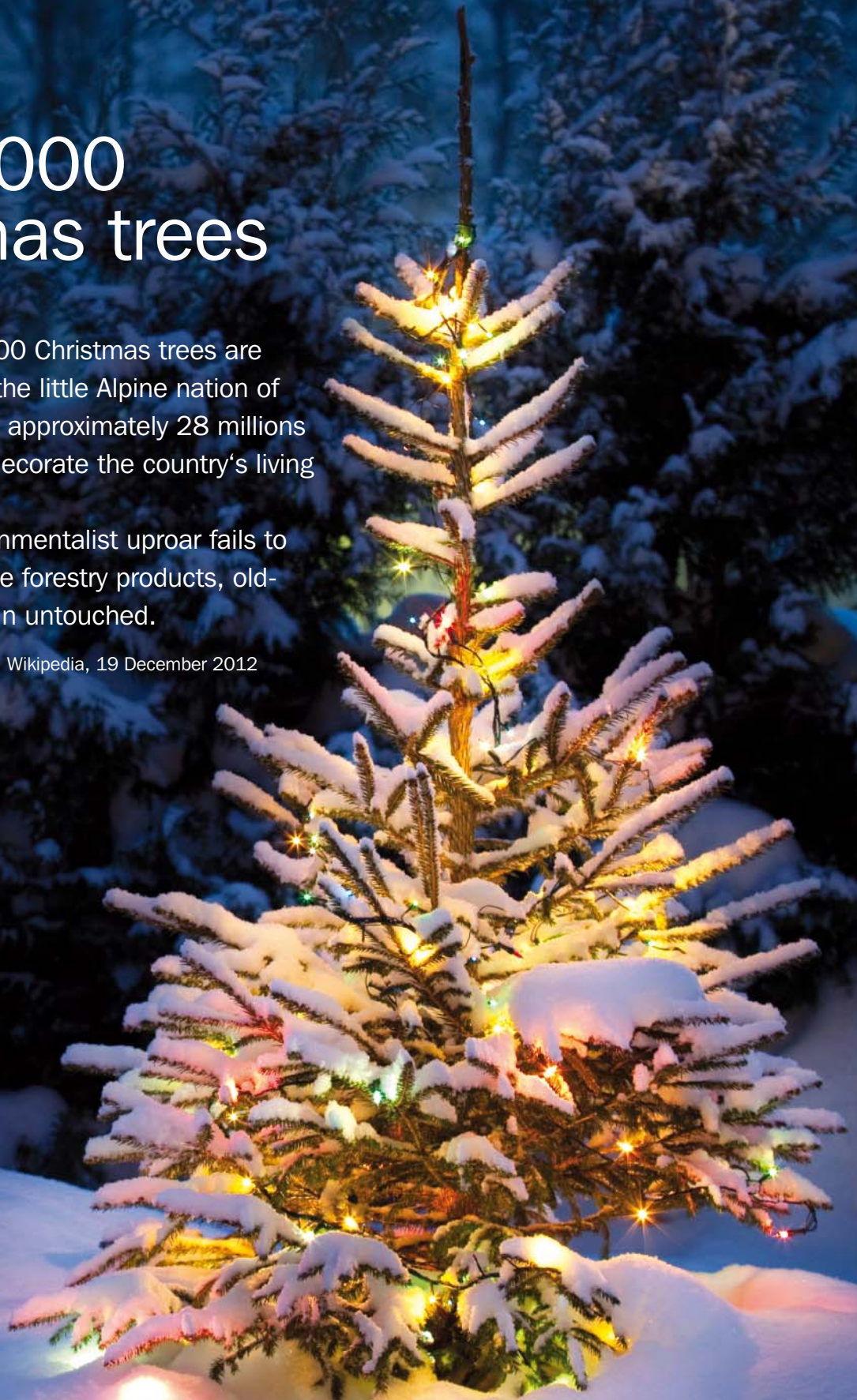
FSC and PEFC provide important data for sustainability research regarding the forestry industry and investigations about wood as an input factor in the supply chain of companies. But the factors that are ultimately decisive for the assessment of a company are its overall sustainability strategy and its internal corporate guidelines regarding the procurement, processing and use of wood.

2,366,000 Christmas trees

Every year, 2,366,000 Christmas trees are being purchased in the little Alpine nation of Austria. In Germany, approximately 28 millions of firs and spruces decorate the country's living rooms in December.

The expected environmentalist uproar fails to ensue – the trees are forestry products, old-growth forests remain untouched.

Source: www.waldwissen.net, Wikipedia, 19 December 2012
Picture: iStock



Engagement

Engagement is of great importance for EAM's sustainable investment approach. It combines own initiatives with collaboration on a national and international level. The structured engagement process is based on the „EAM Engagement Guideline“ which determines engagement issues, approach and procedures.

Engagement focus „green cardboard“

Mayr-Melnhof is the world's leading manufacturer of recycled cardboard. In addition, the company has a line of business in the downstream production of folding cartons, where it is the market leader in Europe. Compared with waste paper, new fibres represent a very limited portion of the raw material used in the production of cardboard; in folding cartons, they play a minor role, too.

New fibres not necessary: Recovered paper does just fine for cardboards

While sustainability assessments of Mayr-Melnhof regularly result in positive outcomes at a pure product level, there are deficits when it comes to transparency. These relate, for example, to corporate-wide environmental, health and safety data, or to information regarding the equal treatment of women. The company's management argues that in general this lack of transparency is necessary to avoid a potential competitive disadvantage versus „over-informed“ competitors within the sector. For the time being, the company is not planning to publish a sustainability report, but it does intend to create an integrated annual report – perhaps as soon as in the financial year of 2012.

Mayr-Melnhof has had all of its cardboard plants certified according to the international systems FSC and PEFC. That means the transparent use of new fibres from sustainably managed forests is reliably documented.



Erste Asset Management takes Engagement seriously – and information search into its own hands: In September 2012 a company delegation gained insight in the sustainability agenda of the cardboard giant Mayr-Melnhof. After visiting the folding box factory in the Viennese district of Floridsdorf, the EAM team held a long talk with CEO Wilhelm Hörmanseder.

Left to right: Clemens Klein (EAM), Ellen Mayer (oekom research), Wolfgang Pinner (EAM), Roland Pfeifer (EAM)

Twelve production sites of Mayr-Melnhof Packaging are likewise FSC and/or PEFC certified, which, in turn, makes it easier for group customers to obtain a possible supply chain certification.

Deficient transparency versus consistent plant certification

The production of cigarette packaging has expanded significantly in recent years. In the context of the „dual use“ concept*, the associated machines are only theoretically usable for the production of other packaging materials, which results in minus points for this line of business in a sustainability evaluation. The ex-

clusion criterion „tobacco“ does not relate to the production of packaging products.

The sustainability specialists of EAM have had an active dialogue with the management and investor relations department of Mayr-Melnhof regarding the subject of „improving sustainability standards.“ Research agencies and the WWF – an EAM partner in the field of theme funds – have been involved in this communication.

Status Mayr-Melnhof:

ongoing engagement process since 2012

* Dual use relates to use for both sustainable and non-sustainable purposes



33,500 m
tons of CO₂

escaped into the atmosphere in 2010. The Carbon Disclosure Project – whose members include Ferrovial SA – tries to make greenhouse emissions more transparent.

Source: www.focus.de, Wikipedia

Relevant changes in the investment universe, December 2012

The definition of our investment universe is the corner stone in building our funds.

+ INCLUDED

Ferrovial SA

(construction & engineering sector) is active in infrastructure and real estate development. The company also operates toll roads and airports.

- ⊕ Increased research and development activities in water and waste recycling
- ⊕ Measures to reduce and avoid poisonous or dangerous materials when managing buildings and infrastructure; however, increased efforts during the planning and construction phase would be desirable
- ⊕ Participation in the Carbon Disclosure Project (CDP), comprehensive reporting in the annual report
- ⊕ Strict guidelines and monitoring measures to avoid cases of corruption and bribery

Kone OYJ

(industrial machinery sector) is one of the world's largest producers of elevators, escalators, doors and gates.

- ⊕ Increased efforts to improve the energy efficiency of the company's products
- ⊕ Extensive measures and guidelines to improve product quality and safety
- ⊕ Comprehensive measures to retain staff via social benefits and compensation for employees as well as training programmes
- ⊕ Signatory of the UN Global Compact (human rights, labour standards, protection of the environment and fight against corruption)

- EXCLUDED

Storebrand ASA

(life and health insurance sector) is active in pensions, life and health insurance, banking and investments.

- ⊖ No information available on whether the company has implemented a health and safety management system
- ⊖ The company has implemented an environmental management system (Miljøfyrtårn) – but it is unclear here whether it complies with an international standard such as ISO 14001
- ⊖ Women are underrepresented in top management
- ⊖ Lack of information on how environmental and social criteria are taken into account when approving projects or granting loans
- ⊖ Lack of transparency regarding financial support from public authorities

Company of the month: Svenska Cellulosa AB

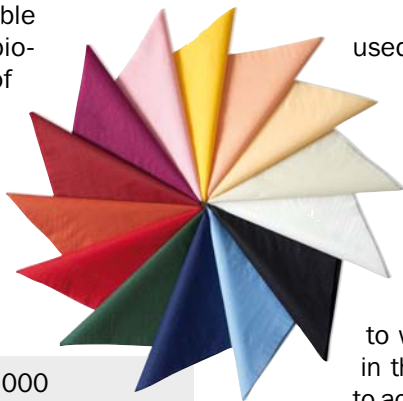
The Swedish company Svenska Cellulosa (SCA) is an international producer of pulp and wood fibre products (such as handkerchiefs and diapers), cardboard packaging as well as paper and wood products. In the ERSTE RESPONSIBLE universe, it has the best overall rating of all companies in the household products sector. The key issues of this sector are sustainable raw material management, human resources management as well as pollutant emissions and waste.

Raw material management.

Wood is Svenska Cellulosa's main raw material, and half of it is obtained from the company's own forests, which are fully certified according to FSC guidelines. Suppliers have to satisfy high standards regarding the origin of wood and pulp (FSC or PEFC pulp used by SCA comes from recycled sources, with the rest derived from the company's own forests. Svenska Cellulosa does not process any wood from genetically modified sources. One criticism is that the company does not provide a detailed breakdown of the certification of the wood and pulp that it buys.

As even sustainable forestry reduces biodiversity, 5% of Svenska Cellulosa's forests are not cultivated at all.

Roughly 10% of the area released for logging is not



With more than 37,000 employees and sales in over 100 countries, Svenska Cellulosa is one of the world's leading hygiene articles companies. Further product lines include solid wood furniture and wood-based fuels such as pellets or briquettes. Furthermore, the company is Europe's largest private forest owner. Its brands known in Europe include Tempo, Zewa, Feh and Cosy. The company is prominently represented in the commercial segment with its global brand Tork.



Bollsta is one of seven sawmills operated by SCA. The plant in Central Sweden specialises in the processing of Nordic Pine.

Fotos: SCA

used for commercial purposes.

Human resource management.

SCA also produces in countries such as Russia, Saudi Arabia and Jordan. It is not clear

to what extent employees in these countries are able to achieve their demands re-

garding salaries, working hours, holidays, etc. There is only limited information from the company on these issues.

Pollutant emissions and waste.

The processing of wood and pulp involves a significant burden on the environment due to air pollution, waste water caused by bleaching processes and production waste. Thanks to its extensive use of biofuels from waste wood and the expansion of water

and wind power installations as energy sources for production, SCA has favourable levels of air pollution compared with those of its competitors. So far, the company has been able to sell 300,000 tons of CO₂ emission rights annually thanks to its efforts in this area. With the transition of EU emission trading into phase III, it is likely that the company will have to purchase additional CO₂ emission rights starting in 2013.

Key Figures of Svenska Cellulosa SA

Sector	household products
ISIN	SE0000112724
Share price (13/12/2012)	SEK 135.50
Estimated PE (12/12)	17.07
Dividend yield	3.10%

Responsible funds at a glance

Erste Asset Management recognized the importance of responsible fund management early on. Over the course of the past decade we have developed and successfully introduced a broad range of sustainable funds. The following funds are available in line with Erste Asset Management's „Responsible Investment Approach“.

Stock Funds

All funds are denominated in Euro.

Fund name	Since 1.1.	2011	2010	2009	2008	2007	Mgmt. fee	Volume in mn.	Risk notes ¹⁾
ERSTE RESPONSIBLE STOCK GLOBAL	9.55	-4.90	16.61	29.66	-37.42	5.73	1.50	270.6	A, B
ERSTE RESPONSIBLE STOCK EUROPE	20.02	-23.03	9.40	27.01	-54.99	5.02	1.50	8.6	A, B
ERSTE RESPONSIBLE STOCK AUSTRIA	22.30	-38.75	16.63	36.08	-56.62	2.73	1.50	4.8	A, C, D
ERSTE RESPONSIBLE STOCK EUROPE EMERGING	19.13	-31.51	16.65	55.19	*		1.80	9.0	A, B, D
ERSTE WWF STOCK CLIMATE CHANGE	-10.94	-25.66	3.19	21.37	-45.82	*	1.50	7.4	A
ERSTE WWF STOCK UMWELT	4.40	-23.39	14.25	17.84	-48.02	25.77	1.50	38.0	A

Performance calculated according to the OeKB (Österreichische Kontrollbank AG) method, as of 30.11.2012. The management fee is included in the performance. Subscription fees applicable at the time of purchase of up to 5.00% and other fees that may reduce returns, such as individual account and deposit fees, are not included in this presentation. Past performance is not a reliable indicator of the future performance of a fund. Please note that it is not possible to draw any conclusions on the volatility or risk of an investment from annualized averages for multi-year periods.

1) Risk notes

- A The ERSTE RESPONSIBLE STOCK GLOBAL, ERSTE RESPONSIBLE STOCK EUROPE, ERSTE RESPONSIBLE STOCK AUSTRIA, ERSTE RESPONSIBLE STOCK EUROPE EMERGING, ERSTE WWF STOCK CLIMATE CHANGE, and ERSTE WWF STOCK UMWELT funds may display increased volatility due to the composition of the portfolio. As a result, share values may be subject to significant fluctuations even over short periods of time.
 - B The ERSTE RESPONSIBLE STOCK GLOBAL, ERSTE RESPONSIBLE STOCK EUROPE, and ERSTE RESPONSIBLE STOCK EUROPE EMERGING funds may invest significant amounts in derivative instruments (including swaps and other OTC derivatives) pursuant to Paragraph 73 of the InvFG 2011 (Investment Fund Act, Austria).
 - C The ERSTE RESPONSIBLE STOCK AUSTRIA fund is an index fund pursuant to Paragraph 128, section 5 line 1 in conjunction with Paragraph 75 of the InvFG 2011 (Investment Fund Act, Austria). The aim of the investment strategy is to emulate the VÖNIX (VBV Austrian Sustainability Index).
 - D The ERSTE RESPONSIBLE STOCK AUSTRIA and ERSTE RESPONSIBLE STOCK EUROPE EMERGING funds may invest significant amounts in sight deposits or deposits with a maturity of no more than 12 months pursuant to Paragraph 72 of the InvFG 2011 (Investment Fund Act, Austria).
- * Fund inception during the fiscal year

Bond funds, mixed funds

All funds are denominated in Euro.

Fund name	Since 1.1.	2011	2010	2009	2008	2007	Mgmt. fee	Volume in mn.	Risk notes ²⁾
ERSTE RESPONSIBLE LIQUID	5.29	0.60	2.21	10.99	-2.91	2.93	0.24	40.3	-
ERSTE RESPONSIBLE BOND	9.90	0.94	1.72	9.07	4.51	0.51	0.60	145.3	a)
ERSTE RESPONSIBLE BOND EURO-CORPORATE	11.96	*					0.60	108.1	-
ERSTE RESPONSIBLE BALANCED	*						1.20	2.0	b)

Performance calculated according to the OeKB (Österreichische Kontrollbank AG) method, as of 30.11.2012. The management fee is included in the performance. Subscription fees applicable at the time of purchase of up to 3.50% and other fees that may reduce returns, such as individual account and deposit fees, are not included in this presentation. Past performance is not a reliable indicator of the future performance of a fund. Please note that it is not possible to draw any conclusions on the volatility or risk of an investment from annualized averages for multi-year periods.

2) Risk notes

- a) The ERSTE RESPONSIBLE BOND fund may invest significant amounts in derivative instruments (including swaps and other OTC derivatives) pursuant to Paragraph 73 of the InvFG 2011 (Investment Fund Act, Austria).
- b) The ERSTE RESPONSIBLE BALANCED fund may invest significant amounts in investment funds (UCITS, UCIs) pursuant to Paragraph 71 of the InvFG 2011 (Investment Fund Act, Austria).
- * Fund inception during the fiscal year

Microfinance funds

All funds are denominated in Euro.

Fund name	Since 1.1.	2011	2010	2009	2008	2007	Mgmt. fee	Volume in mn.	Risk notes ³⁾
ERSTE RESPONSIBLE MICROFINANCE	2.40	2.49	0.79				1.00	24.31	x)

Performance calculated according to the OeKB (Österreichische Kontrollbank AG) method, as of 30.11.2012. The management fee is included in performance. Subscription fees applicable at the time of purchase of up to 3,00% and other fees that may reduce returns, such as individual account and deposit fees, are not included in this presentation. Past performance is not a reliable indicator of the future performance of a fund. Please note that it is not possible to draw any conclusions on the volatility or risk of an investment from annualized averages for multi-year periods.

3) Risk notes

- x) The ERSTE RESPONSIBLE MICROFINANCE fund may invest significant amounts in investment funds (UCITS, UCIs) pursuant to Paragraph 7 line 1 of the InvFG 2011 (Investment Fund Act, Austria):

Warning pursuant to the InvFG 2011 (Investment Fund Act, Austria): The ERSTE RESPONSIBLE MICROFINANCE invests entirely in assets pursuant to Paragraph 166, Section 1 line 3 of the InvFG 2011 (Alternative Investments), which represent a higher investment risk compared to traditional investments. In particular, these investments may result in a loss or even a total loss of capital invested.

Renaming of Funds

New Name as of 30.11.2012

ERSTE RESPONSIBLE STOCK GLOBAL
 ERSTE RESPONSIBLE STOCK EUROPE
 ERSTE RESPONSIBLE STOCK AUSTRIA
 ERSTE RESPONSIBLE STOCK EUROPE EMERGING
 ERSTE WWF STOCK CLIMATE CHANGE
 ERSTE WWF STOCK UMWELT
 ERSTE RESPONSIBLE LIQUID
 ERSTE RESPONSIBLE BOND
 ERSTE RESPONSIBLE BOND EURO-CORPORATE
 ERSTE RESPONSIBLE MICROFINANCE

Former name

ESPA VINIS STOCK GLOBAL
 ESPA VINIS STOCK EUROPE
 ESPA VINIS STOCK AUSTRIA
 ESPA VINIS STOCK EUROPE EMERGING
 ESPA WWF STOCK CLIMATE CHANGE
 ESPA WWF STOCK UMWELT
 ESPA VINIS CASH
 ESPA VINIS BOND
 ESPA VINIS BOND EURO-CORPORATE
 ESPA VINIS MICROFINANCE

On 30 November 2012, all ESPA VINIS funds were rebranded to ERSTE RESPONSIBLE funds. The fund names of the WWF product family remained the same, while the prefix ESPA changed to ERSTE. The profile of all sustainable funds remained completely unchanged.

pin it down

Closing words by
Wolfgang Pinner

A few comments on „tree huggers“ and imperial hunting

*An old saying among lumberjacks goes like this:
„The older the tree, the more difficult it is to hug it!“*



Foto: Fotolia

188 properties

*Heritage can be very tangible indeed.
UNESCO includes 188 natural properties in their World Heritage List.*

Source: unesco.org

The new in-word – „tree hugger“ – comes once again from the English language, although there are hardly any forests left on the island (the planks of the Royal Navy send their regards). It can be interpreted either as the „saviour of the forests“ or as an „eco-freak.“ In either case, a tree hugger is fully dedicated to the idea of environmentalism.

At around Christmas time, trees are near and dear to our hearts more than ever; indeed, most of us have one decorated in our living room, although, admittedly, hugging a pine tree is perhaps not the best idea.

But in the German-speaking world, the idea of having an „intimate relationship“ with brother tree is nothing new. In fact, the term sustainability has its

roots in the efforts of the forestry industry to conserve resources. As early as in 1713, Hans Carl von Carlowitz, the chief mining administrator at the Saxon court in Freiberg, wrote about the importance of sustainable exploitation of the forests, thus shaping the concept.

Austria looks back on its own positive history of forest conservation, too. In 1852, thus just a short time after ascending the throne, the Austrian emperor Franz Joseph I issued an imperial decree, requiring that „forests were not simply to be maintained, but also managed sustainably in a commercially appropriate manner.“ The goal was to preserve the resource forest in and of itself, as well as the related „usufruct“ – i.e. the use of it – making it sensible to harvest the forest keeping a long-term perspective in mind.

The „old emperor“ is still known for his passion for hunting. Given that there is certainly some appeal to hunting in a forest instead of in a field, perhaps he might have seen an additional benefit in a „tree-hugger“ existence.

For more than 10 years **Wolfgang Pinner** has been active in the field of sustainable investments. He has written two books on this topic and represents Austria at the industry association „Forum Nachhaltige Geldanlagen“.

Wolfgang Pinner is Chief Sustainability Investment Officer at the Erste Asset Management and leads the Responsible Investments at the ERSTE-SPARINVEST.

Our long-term partners in sustainability



Media owner

Erste Asset Management GmbH
1010 Wien, Habsburgergasse 1a

Contact/Editor

Erste Asset Management GmbH
Communications & PR
Tel.: +43 (0)5 0100 – 19982
E-mail: communications@erste-am.com
www.erste-am.com

This document is an advertisement. All data is sourced from ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Erste Asset Management GmbH and RINGTURM Kapitalanlagegesellschaft m.b.H. unless indicated otherwise. Our languages of communication are German and English. The fund prospectus (including any amendments) was published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version. The fund prospectus and the key investor document (KID) are available free of charge at the domicile of the Management Company and at the head office of the custodian bank. The exact date of the most recent publication of the fund prospectus, the languages in which the key investor document is available and any additional locations where the documents can be obtained can be viewed on the web site www.erste-am.com.

This document serves as additional information for our investors and is based on the knowledge of the staff responsible for preparing it at the time of preparation. Our analyses and conclusions are general in nature and do not take into account the individual needs of our investors in terms of earnings, taxation and risk appetite. Past performance is not a reliable indicator of the future performance of a fund. Please note that investments in securities entail risks in addition to the opportunities presented here. The value of shares and their earnings can rise and fall. Changes in exchange rates can also have a positive or negative effect on the value of an investment. For this reason, you may receive less than your originally invested amount when you redeem your shares. Persons who are interested in purchasing shares in investment funds are advised to read the current fund prospectus(es), especially the risk notices it or they contain, before making an investment decision.

Please consult the corresponding information in the prospectus for restrictions on the sale of fund shares to American citizens. Misprints and errors excepted.