

RESPONSIBLE RETURN

INVESTMENT BOARD

Hotels

ENGAGEMENT

Airlines

COMPANY OF THE MONTH

Accor

LASTING WORDS

Griass enk, boys and girls!



Editorial



Gerold Permoser is Chief Investment Officer (CIO) of Erste Asset Management. In this function he is in charge of the asset management activities and investment strategies of all investment funds of the Erste Asset Management Group in Austria, Croatia, Czech Republic, Germany, Hungary, Romania and Slovakia.

In 80 days around the world

In 1873 Jules Verne published his novel “In 80 Days Around The World”. Back then, travelling the world in 80 days was a real challenge. Today it is a real challenge to get 80 days off, whereas you can make it around the world in less than 24 hours. A weekend in London now sounds more like the order for a military operation than a relaxing excursion.

Phileas Fogg, the protagonist in Verne’s novel, was rich. He had to be, because travelling was expensive – so expensive in fact that Fogg had to spend almost half of his considerable wealth on the endeavour. Today, travelling is cheap, which on the one hand has set off a democratisation process for holidaymakers, but on the other hand has also caused brutal pressure on prices among the providers, casting social and ecological shadows.

What today is the tertiary sector, for Jules Verne was Passepartout, Phileas Fogg’s butler. The name can be seen as programmatic for today’s service industry: “passer” (passing) partout (everywhere) is often the motto that calls for fulfilling the client’s every wish, no matter the cost.

Jules Verne’s book is also a snapshot of the possibilities available at that point in time. In the 1860s, the first railway connection across the USA was finished, the Suez Canal had just been opened, and steamers were replacing sailing ships all around. Thus transportation was thrust into the hydrocarbon age, with all its economic and touristic advantages and ecological disadvantages.

All these factors continue to resonate through the tourism industry, influencing the sector in both good and bad ways. Speed can often only be achieved at the expense of the environment, and low prices hinge on the exploitation of the environment and the social component. The modern-day Passepartouts, i.e. the tourism workforce, are used beyond their job description and often all the way to their emotional core. Reason enough for us, then, to have a closer look at modern mass tourism and its implicit challenges from a sustainable perspective in this edition of ERSTE RESPONSIBLE RETURN – The ESG Letter.

Sincerely

Mag. Gerold Permoser
Chief Investment Officer (CIO), Chief Sustainable Investment Officer (CSIO)

Facts and Figures

(all figures for 2013, compared to 2012)

Europe is the most visited region in the world with **52%** of all international arrivals (563 million). It reports a growth rate of 5%.

1 in 11 jobs worldwide.

Asia and the Pacific recorded the strongest growth with **6%**, increase in arrivals, followed by Europe and Africa (both **5%**).

Worldwide from **25 million** international tourists in 1950 to **1,087 billion** in 2013.

By subregion, the highest growth was recorded in Central and Eastern Europe, with **7%** more arrivals in 2013.

Germany and Austria reported **+4%** and **+3%**, respectively.

53% of all travelers worldwide arrive at their destination by air, while the remainder travels by road (40%), over water (5%) or by rail (2%).

Many European and Central Asian destinations recorded **double-digit growth**, especially smaller ones such as Georgia and Belarus (both +15%), Armenia (+14%) and Kazakhstan (+11%).

Total export earnings by international tourism:

US-\$ **1.4 trillion**

9% of world GDP

6% of the world exports

Growth in absolute terms was led by Southern and Mediterranean Europe, which reported some **11 million** million more international arrivals (+6%).

China is the number one source market in the world, spending US \$ **129 billion** on international tourism.

Northern Europe posted a **6%** increase in arrivals with smaller destination Iceland recording the highest relative growth (+20%).

Travel for holiday and recreation account for **52%** of all international tourist arrivals. **14%** of international tourists travel for business purposes and another **27%** travel for reasons such as visiting friends and relatives, religious reasons, health treatment, etc. 7% do not specify the purpose of their visit.

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.

Hotels

If you are planning on going away for a bit, you will find it hard to avoid spending the odd night at a hotel. And you will want it to be both beautiful and affordable – but who will pay the price for that? Erste Asset Management has discussed the hotel business as part of its Investment Board meeting with its research partners. It became clear rather quickly that this sector potentially harbours risks in all ESG areas.

Cost savings seem to rank high on the list of priorities in hotel chains. Hotels employ a seasonal workforce at low cost and tend to cut corners at perks like employee share schemes. Especially in developing countries, long working hours and low pay is commonplace. But on a global average, labour still makes up more than 30% of total costs. Erste Asset Management Investment Board believes that these costs are largely caused by expensive trainings due to high fluctuation.

However, cost savings also come with an upside in terms of sustainability: hotel operators try to minimise their resource input, with a particular focus on electricity cost savings. The measures taken range from changing the light bulbs to solar-powered hotel facilities.

Water consumption comes with savings goals too, but they require a longer implementation phase, and the results are often only moderate. So far only few structures used in tourism have been built in accordance with the eco standard LEED (Leadership in Energy and Environmental Design). Worldwide there are currently 1,381 LEED-certified hotels and apartments. By contrast, in Germany alone there



Photo: iStock

are almost 35,000 accommodation facilities.

The Corporate Governance area used to be dominated by the slogan “less is more”, since hotels were most-

**In hotels, cost savings
come with a
sustainability upside**

ly owned by families. Nowadays that situation has changed. The majority of the listed hotels is now not held by a few major owners anymore, but has an ownership structure similar to that of many other groups. Here, corporate management is not any better or worse than in other industries. The last remaining family-led hotels such as Hilton or Hyatt, on the other hand,

reveal major deficiencies in terms of Corporate Governance.

The hotel industry is more significantly affected by political risk than other sectors. Thailand serves as an example: During the military coup in May 2014 the number of tourists was down by 20%, and hotels recorded a massive decline in sales due to cancellations.

[Richard Boulanger]

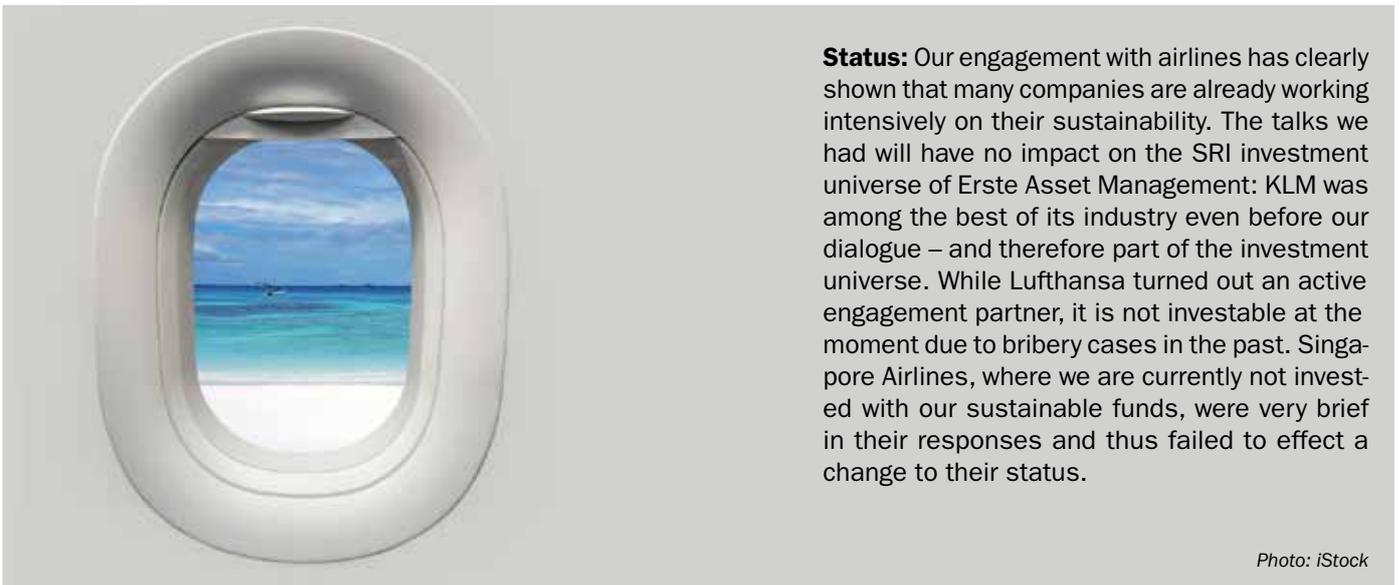
Status: With regard to the hotel industry, Environment and Social command equal weightings in the SRI rating model of Erste Asset Management. Corporate Governance is weighted at 10%.

The talks with the Investment Board confirmed our approach, which is why no adjustments of the SRI rating model need to be made.

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.

Airlines



Status: Our engagement with airlines has clearly shown that many companies are already working intensively on their sustainability. The talks we had will have no impact on the SRI investment universe of Erste Asset Management: KLM was among the best of its industry even before our dialogue – and therefore part of the investment universe. While Lufthansa turned out an active engagement partner, it is not investable at the moment due to bribery cases in the past. Singapore Airlines, where we are currently not invested with our sustainable funds, were very brief in their responses and thus failed to effect a change to their status.

Photo: iStock

Condensation trails litter the sky: since 54% of all journeys worldwide are taken by aeroplane, Erste Asset Management wanted to find out what progress climate protection has made in the sky. Within the framework of its engagement activities, EAM approached the airlines Air Berlin, Air China, Delta Air Lines, KLM, Lufthansa Group, and Singapore Airlines and asked them about sustainability in their corporate strategy. KLM and Lufthansa were the most accessible airlines in this respect.

European passengers spend 5.2 litres of kerosene per 100km

Society regards aeroplanes as gas-guzzlers. The European average amounts to 5.2 litres of kerosene per passenger per 100km, with KLM (3.5 l) and

Lufthansa (4l) coming in below average. Kerosene is one of the main cost items for airlines. All companies try to increase their efficiency with measures such as lighter trolleys or new aircraft. In order to step up efficiency, all airlines cooperate with airports in order to cut the distances aircrafts cover on ground. According to Lufthansa, a reduction of 100kg of weight in each of the company's aircrafts could decrease fuel costs by an annual EUR 2.6mn, which would also cause CO₂ emissions to decline by several tonnes.

EAM asked the airlines approached in the engagement process about their CO₂ offset programme. While customers currently make very little use of said programmes, Lufthansa has recorded a rise in acceptance: a total of 14,000 tonnes of CO₂ were offset in 2013 (+18%), which equals 320 flights between Frankfurt and New York. The money donated is invested in projects

of myclimate.org. Also, companies receive comprehensive business travel reports from Lufthansa. These reports include information about the companies' CO₂ footprint – data that can be included in annual reports.

Airlines check the entire supply chain on sustainability

As far as sustainability is concerned, airlines go beyond their immediate organisation and invest a lot into their supply chain. KLM and Lufthansa put ethical and ecological clauses into their contracts with suppliers (e.g. compliance with international working laws, ratification of the UN Global Compact). The suppliers' compliance is ensured through checks by the airlines. [Richard Boulanger]

Company of the month: Accor

The Company of the Month is selected due to recent developments and in connection with the **topic "Tourism"**. The EAM Responsible Investments team analyses the strengths and weaknesses of the selected company in terms of ESG.

With about 460,000 rooms in more than 3,500 hotels, Accor is one of the biggest hotel chains in the world. Its portfolio ranges from luxury hotels such as Sofitel to budget options like ibis and F1 Hotel. In contrast to its competitors like Wyndham or Intercontinental, which rely strongly on franchise models, Accor operates the majority of its properties in-house.

Thus the company bears both the holding as well as the directly operational responsibility for the sustainable management of its hotels. Accor has expanded its sustainability programme "Planet 21" which defines numerous goals in the most important risk areas across all franchisees. Accor holds the highest rating among all the hotel operators in the Erste Asset Management SRI universe (C+).

Resources

Accor has set the goal of cutting its energy consumption by 10% by the year 2015. At the same time, water consumption is meant to decline by 15% on the back of the usage of rainwater. These measures will cause costs to fall and are also attractive to the growing market of conservation-minded customers.

Accor's endeavors to invest in Ecode-sign* are headed in the same direction. While the sector generally is striving for a higher degree of resource efficiency, Accor excels thanks to its

Accor recorded sales of EUR 2.6bn in the first half of fiscal 2014. During this period, the company opened 12.300 new rooms in 92 new hotels. The group employs over 160.000 people in 92 countries.



Photo: Accor

ambitious goals and the quality and transparency of implementation.

Social engagement

In cooperation with the French NGO Agrisud, Accor supports the development of fragmented agricultural subsistence structures around its hotels in developing countries. The company also constitutes a stable purchaser of parts of their production. In addition, Accor is involved in numerous campaigns for the protection of children.

Personnel management

Personnel management represents the company's Achilles heel in terms of sustainability among the rated hotel operators. However, generating 77% of sales in Europe, the company mainly operates in countries with stable working rights, which limits the risk in this area. Although the company was sentenced by a French court in May 2014 on the grounds of illegal compensation practices, it still stands out

positively in comparison with the sector. The group invests heavily in training and attaches great importance to equal rights. This is proved by a rising share of women in management (currently 41%).

[Dominik Benedikt]

* The Umweltbundesamt (Federal German Environment Agency) defines eco design as an approach that pursues the goal of reducing environmental pollution across the entire life cycle by improving product design.

Key figures for Accor

Source: Bloomberg

Sector	Hotels, Resorts & Cruise Lines
ISIN	FR0000120404
Share price (05.08.2014)	34.99 €
Estimated PE 12/2014)	21.87
Divided yield	2.29%

Climate compensation or How much forest should you pay for your trip?

You cannot make an omelette without breaking eggs; and you cannot travel far without causing emissions – the carbon footprint of a trip. Travellers who want to compensate for the damage they are causing have been able to resort to the concept of carbon offsetting for a number of years now.

The recommended compensation can be calculated on numerous websites. Carbon emissions can for example be calculated and offset on Climate Austria (flights, car rides, and public transportation) or myclimate (flights, car rides, and cruises). The atmosfair calculator for air travel has received a number of awards. It allows for hazardous substances other than carbon dioxide in its model. Offsetting donations go to various climate protection projects.

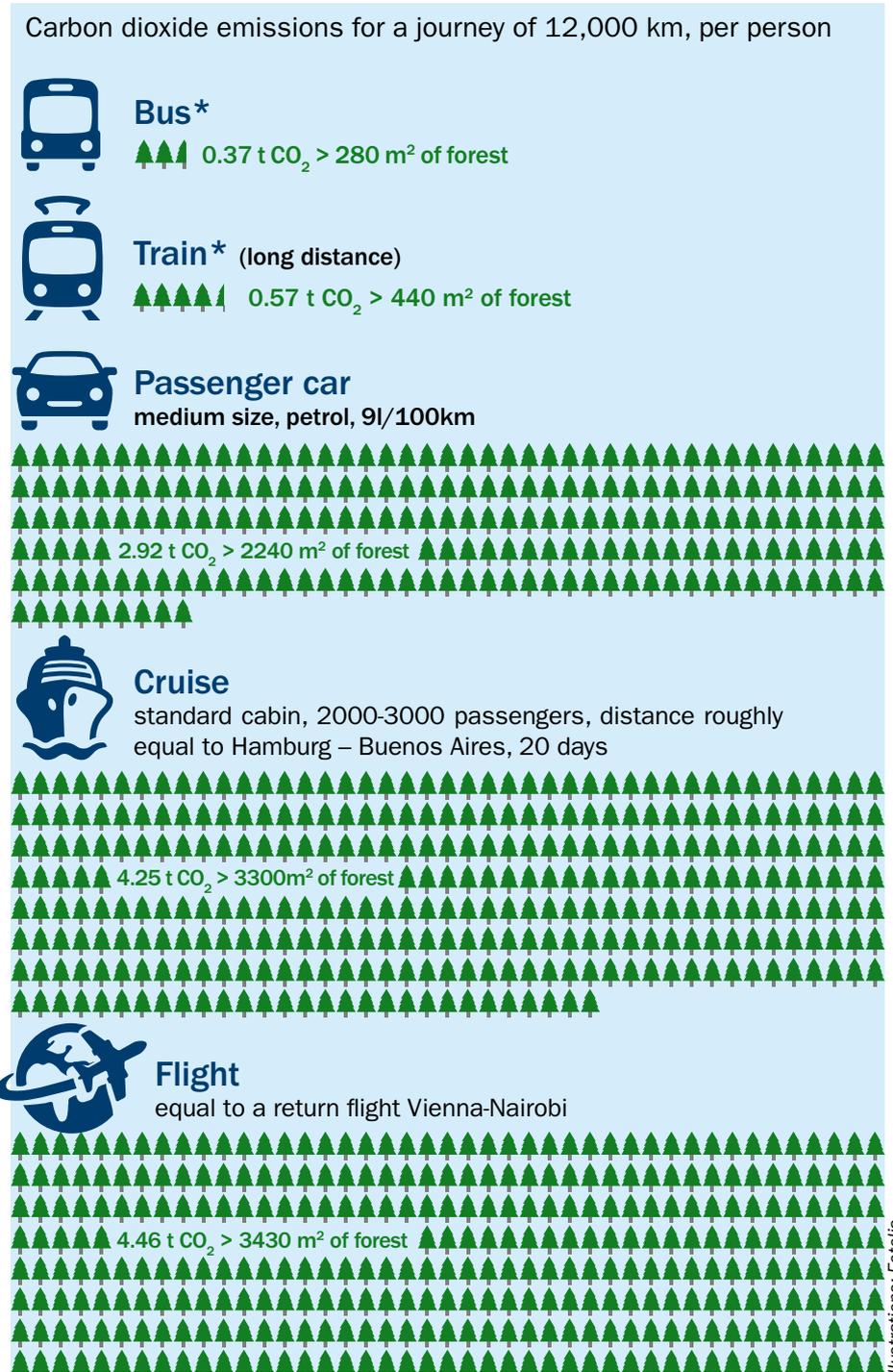
The planting of trees is a particularly demonstrative form of compensation, and it counteracts the damage caused in two ways: by producing oxygen and absorbing carbon dioxide. The German foundation “Stiftung Unternehmen Wald” estimates that one hectare (i.e. 10,000 sq.m.) of forest absorbs some 13 tonnes of carbon dioxide per year. Younger forests have decidedly less storage capacity.

Note: These data are based on estimates. The data for car, flight, train, and coach were calculated with the carbon dioxide calculator of the Umweltbundesamt (Federal German Environment Agency), whereas the cruise data are based on the myclimate calculator. Reliable sources suggest avoiding emissions is preferable to offsetting them.

Sources:

[Climate Austria](#), [Carbon Calculator of the German Umweltbundesamt](#), [Luftlinie.org](#), [Stiftung Unternehmen Wald](#), [myclimate](#), [Searates](#)

Erste Asset Management shows how much surface area of forest is required in order to offset a trip of 12,000 km.



* These figures refer especially to Germany where trains mostly run on brown coal and only draw 20% of their from renewable sources. Austrian trains on the other hand are mainly operated by renewable energy (92%). Here, train journeys show a vastly better carbon balance than bus rides.

LASTING WORDS

Griass enk, boys and girls!*

says Gerold Permoser, Chief Investment Officer (CIO) and Chief Sustainable Investment Officer (CSIO) of Erste Asset Management.

My father was born in a really old village inn. The address, "Dorf 1" (Village 1) was programmatic. For our family, the stories about the times our great-grandmother – presiding over the local polling station – would declare the concept of election secrecy null and void, effectively forcing open voting, are the stuff legends are made of.

That world is history. The village inn has been sold and replaced by a small enterprise with more than ten employees. Voting now takes place, thank God, in a public building. But what remains are many memories that make me look at today's tourism sector with mixed feelings.

My grandaunt was working in the kitchen up until three days before her death at the age of 88. She was in an enviably good physical and mental state, which, as we believe, also had to do with the fact that her services were being needed.

However, the border to (self)exploitation is a blurry one.

As far as I know, my father was the last member of our family to have been born at the village inn. And that is not only due to the fact that Tyrol now has a good number of hospitals: it is hard to reconcile a job in the hotel industry with a family.

At the beginning of the 1990s Felix Mitterer's "Piefke Saga" was filmed. This scathing satire highlights the aberrations of the Tyrolean tourism industry in such an ingenious fashion that I will spare you my own experiences. What was back then a ratings hit classic and has become a piece of TV history, nowadays reminds me that sustainable tourism represents a real challenge. A challenge that does not start in Thailand or Costa Rica, but at our doorstep.

* "Griaß enk" means "Hello" in Tyrolean dialect.

€ 7,3 billions

The land of Tyrol produces Chief Investment Officers and revenues: gross value added in the tourism industry in 2012/13 amounted to EUR 4bn in Tyrol, based on sales of EUR 7.3bn. 45mn overnight stays translated into a small increase year-on-year, with the trend in Tyrol – much like at many other destinations – going towards more but shorter trips. More than half of the tourists come from Germany, followed by the Netherlands, and Austria.

Tourism plays an even more crucial role in Tyrol than it does in other parts of Austria: while tourism averages 5.5% in terms of GDP, in Tyrol it accounts for 16%. In tourism hot spots like Kitzbühel, this share is far higher.

Photo: Fotolia

Responsible Investment Universe

Changes (excerpt)

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

+ ADMITTED

JUNE/JULY 2014

BillerudKorsnäs AB (sector: packaging material) is a Swedish cardboard and packaging material manufacturer. The company produces cellulose as well as packaging paper and cardboard. The three paper mills of the company mainly supply the European market with their products.

- ☺ Ongoing improvement of the life cycle management of products
- ☺ Rising degree of certification of the timber suppliers and company-owned plantations according to the international standards for sustainable forestry (FSC and PEFC)
- ☺ Energy-efficient production processes
- ☺ 30% of the Supervisory Board members are women
- ☹ Insufficient water strategy in spite of high dependence on water in paper production

Evonik Industries AG (sector: specialty chemicals) is one of the world's leading companies in specialty chemicals. The company focuses on applications in the areas of consumer goods, pet food, healthcare, energy-efficient system solutions, and special material, especially for the rubber and plastics industry.

- ☺ Co-founder of the initiative "Together for Sustainability" in order to improve transparency and efficiency as well as ecological and social standards among suppliers
- ☺ Group-wide implementation of a strategy regarding climate change and its sector-specific risks
- ☺ Extensive measures aimed at providing consumers with adequate product information with regard to the safe handling of the company's products
- ☹ Insufficient information about strategies geared towards the reduction or the replacement of hazardous substances

Illustration: iStock



8 chemical companies

8 European chemical companies carry the initiative „Together for Sustainability“ (TfS) founded in 2011. AkzoNobel, BASF, Bayer, Clariant, Evonik Industries, Henkel, Lanxess und Solvay have agreed on a standardised check of their suppliers, thus ensuring their sustainability. The sheer size of the TfS members provides an impressive leverage effect: Evonik alone is being supplied by ten thousands of companies.

Sources: Evonik Industries, Together for Sustainability

- EXCLUDED

Anheuser-Busch InBev NV (sector: brewers) is one of the globally leading breweries. The company holds a portfolio of more than 200 beer brands such as Budweiser, Stella Artois, and Beck's.

- ☺ Extensive corporate strategy aimed at the sustainable use of water in the production process and agriculture
- ☹ Moderate efforts made to reduce the carbon footprint
- ☹ Weak corporate governance scores in the composition of the board and compensation
- ☹ Insufficient monitoring of suppliers with regard to their compliance with the labour and safety standards

[Dominik Benedikt, Alexander Osojnik]

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“.

Equity funds

All funds are denominated in Euro.

Fund name	Since 1. 1., in %	2013, in %	2012, in %	2011, in %	2010, in %	2009, in %	Mgmt. fee, in %	Volume in mn.	Risk notes ¹⁾
ERSTE RESPONSIBLE STOCK GLOBAL	7.16	17.52	9.51	-4.90	16.61	29.66	1.50	217,1	
ERSTE RESPONSIBLE STOCK EUROPE	5.68	18.55	20.88	-23.03	9.40	27.01	1.50	23,7	A
ERSTE RESPONSIBLE STOCK AUSTRIA	-5.79	4.16	29.19	-38.75	16.63	12.29	1.50	12,9	A, B
ERSTE RESPONSIBLE STOCK EUROPE EMERGING	6.54	-4.95	24.99	-31.51	16.65	55.19	1.80	7,3	A
ERSTE RESPONSIBLE STOCK AMERICA*	9.23	22.21					1.80	51,1**	A
ERSTE WWF STOCK CLIMATE CHANGE	17.15	55.88	-7.35	-25.66	3.19	21.37	1.50	13,6	A
ERSTE WWF STOCK UMWELT	11.57	35.34	5.63	-23.39	14.25	17.84	1.50	57,2	A

Performance calculated according to the OeKB (Österreichische Kontrollbank AG) method, as of 31 July 2014. 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.

* Renaming and shift of focus as of 8 April 2013 (former name: ESPA STOCK AMERICA)

** in USD

1) Risk notes

A The ERSTE RESPONSIBLE STOCK EUROPE, ERSTE RESPONSIBLE STOCK AUSTRIA, ERSTE RESPONSIBLE STOCK EUROPE EMERGING, ERSTE RESPONSIBLE STOCK AMERICA, 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 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).

[Alexander Osojnik]

Bond funds, mixed funds

All funds are denominated in Euro.

Fund name	Since 1.1., in %	2013, in %	2012, in %	2011, in %	2010, in %	2009, in %	Mgmt. fee, in %	Volume in mn.	Risk note ²⁾
ERSTE RESPONSIBLE RESERVE*	1.77	0.31	5.33	0.60	2.21	10.99	0.24	57.4	
ERSTE RESPONSIBLE BOND	5.91	0.42	10.57	0.94	1.72	9.07	0.60	150.9	
ERSTE RESPONSIBLE BOND EURO-CORPORATE	5.32	1.45	12.89	**			0.60	155.9	
ERSTE RESPONSIBLE BOND EMERGING CORPORATE	6.09	**					0.96	37.1	
ERSTE RESPONSIBLE BALANCED	3.59	1.65	**				1.00	7.4	a)

Performance calculated according to the OeKB (Österreichische Kontrollbank AG) method, as of 31 July 2014. 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.

* formerly: ERSTE RESPONSIBLE LIQUID, renamed on 5 July 2013

** Fund inception during fiscal year, annual performance can therefore not be shown.

2) Risk note

a) 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).

Microfinance funds

All funds are denominated in Euro.

Fund name	Since 1.1., in %	2013, in %	2012, in %	2011, in %	2010, in %	2009, in %	Mgmt. fee, in %	Volume in mn.	Risk note ³⁾
ERSTE RESPONSIBLE MICROFINANCE	0.59	2.54	3.20	2.48	0.79		1.00	25.1	x)

Performance calculated according to the OeKB (Österreichische Kontrollbank AG) method, as of 15 July 2014. The management fee is included in 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.

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).

The Austrian Financial Market Authority (FMA) hereby warns: 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.

[Alexander Osojnik]

EAM Funds carrying the Novethic SRI Label 2013

The Novethic SRI Label is awarded to Socially Responsible Investment (SRI) funds that demonstrate a systematic integration of Environment, Social and Governance (ESG) considerations in fund management. The label provides investors with a guarantee of transparency and of the traceability of their investments.



It is based on four criteria:

- Environment, Social and Governance (ESG) assessment of at least 90% of the portfolio
- a transparent SRI selection process
- regular information on the SRI qualities of investments
- full publication of the portfolio's composition

Further information on www.novethic.com

EAM Rating for Fonds with the Novethic SRI Label 2013

All funds are denominated in Euro.

Fund name	Average ESG-Rating		Exclusion Rate
	Funds	Funds-Universe	
ERSTE RESPONSIBLE STOCK GLOBAL	C+	D+	75.9%
ERSTE RESPONSIBLE STOCK EUROPE	C+	C-	63.3%
ERSTE RESPONSIBLE BOND	C+	D+	71.6%
ERSTE RESPONSIBLE BOND EURO-CORPORATE	C+	D+	72.7%

Average ESG-Rating and Exclusion Rate

The **Average ESG Rating of the Fund** refers to all securities actually held by the fund, whereas the **Average ESG Rating of the Fund Universe** denotes the average of all securities that are rated for the fund, based on the stringent sustainability criteria of Erste Asset Management.

The **Exclusion Rate** indicates how many securities from the respective fund universe are rate "not investable" for the respective fund. For example, a 60% exclusion ratio means that only 40% of all potential securities are investable for the fund.

EAM-specific ESG Rating

The **EAM-specific ESG Rating** ranges from A+ to E. It scrutinises exclusively those companies that have already been rated by the three rating agencies cooperating with Erste Asset Management. In evaluating ESG criteria, EAM takes a very stringent approach. Thus, only 41% of the approx. 3,320 companies currently rated (i.e. the EAM Total Universe) are investable (with a rating from A+ to C-). At the moment, the average rating of the EAM Total Universe is D+. The investable universe is further restricted by exclusion criteria. Only very few companies achieve our current top rating of B+.

A	excellent
B	good
C	satisfactory
D	inadequate, not investable
E	insufficient, not investable

All Data (Average ESG-Rating for Funds, the Funds Universe and the Exclusion Rate) per 31.07.2014.



Glossary

Engagement

In the context of sustainable investments, Engagement means that the investor tries to convince the management of a company to take action in the fields of social responsibility, environment or transparency. On a national basis, the Erste Asset Management Responsible Investments Team carries out its engagement activities itself, on a global basis the team co-operates with a specialised provider.

ESG

ESG is an abbreviation of Environmental, Social and Corporate Governance and refers to sustainability in business.

Exclusion criteria

The Erste Asset Management responsible funds do not invest in sectors or companies that violate certain (exclusion) criteria, e. g. violation of labour regulation, nuclear energy, etc. These criteria include ethical, social and governance risk factors.

Investment Board

In this board, the Erste Asset Management Responsible Investments Team discusses topical issues and current developments, IPOs, etc. with sustainability specialists and financial experts.

Investment universe

An investment universe designates the amount of investable companies and countries. In order to become part of the Erste Asset Management Responsible Investment Universe, companies need to perform above average with regards to sustainability. From this selection the fund manager picks those companies with the best prospects according to their fundamental financial data. The Erste Asset Management Responsible Investment Universe is updated on a monthly basis, which enables quick reaction to changes within the respective companies.

SRI

Socially Responsible Investments

SRI Rating agency / SRI Rating

An SRI rating agency or SRI research agency analyses and rates the activities of companies according to social, ecological and ethical criteria (e.g. A = best grade to D = worst grade). SRI ratings help investors to assess a company's exposure to environment and stakeholders. The Erste Asset Management Responsible Investments Team co-operates with several SRI-rating agencies covering different key aspects. In contrast to SRI rating agencies, finance rating agencies (e. g. Moody's, Fitch, S&P etc.) focus on companies' financial data only.

Voting

In the context of sustainable investments, voting refers to the exercise of voting rights at shareholder meetings. Possible targets are an increased transparency in management compensation or in case of nominations for the board of directors. Like in its Engagement activities, the Erste Asset Management Responsible Investments Team cooperates with specialised partners in the area of voting.





Sustainability labels for our products



ERSTE RESPONSIBLE STOCK GLOBAL
ERSTE RESPONSIBLE STOCK EUROPE
ERSTE RESPONSIBLE BOND
ERSTE RESPONSIBLE BOND EURO-CORPORATE

Our long-term partners in sustainability



Media owner

Erste Asset Management GmbH
1010 Wien, Habsburgergasse 2

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.