

The Steyler Bank “Double Ethics Filter”

The most important instrument of the Steyler Bank is the “double ethic filter” to ensure that the bank invests the entrusted money according to ethical and sustainable criteria. The filter is based both on the “Best-in-Class-approach” and on a list of “exclusion criteria”.

With the first filter, the Steyler Bank can select the most sustainable companies according to a sustainability rating. It aims at measuring the sustainability performance. The data delivered by “oekom research AG” focus on more than 3.300 companies worldwide, and there is also a rating for 65 countries as issuers of bonds.

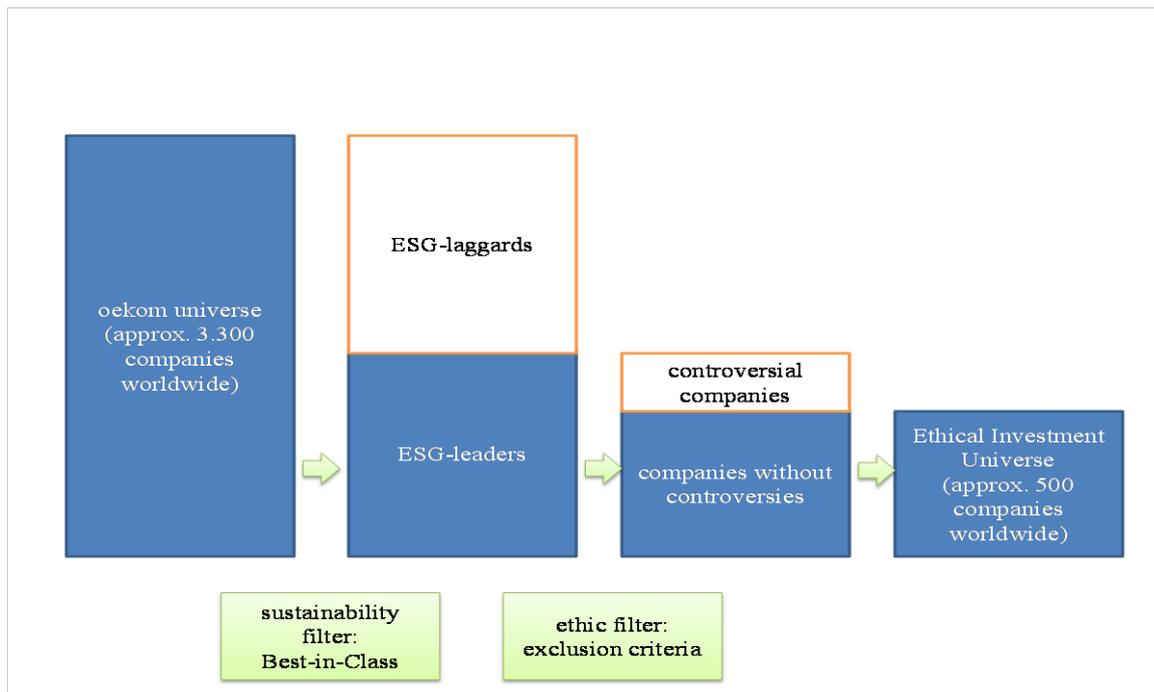
The assessment of the social and environmental performance of a company is generally carried out with the aid of approximately 100 social and environmental criteria, selected specifically for each industry. All criteria are individually weighted, evaluated and aggregated to yield an overall score (Rating). The dimension “cultural compatibility” refers to the ethical responsibility of the company in a specific society and culture. A company acts culturally sustainable when it picks up the manifest ideas, institutions, rules, rituals, symbols and myths of a culture and respects them. Within the rating, the “cultural compatibility” is integrated in the 100 social and environmental criteria.

Corporate Rating	Country Rating
Social Rating	Social Rating
Staff and suppliers	Political System & Governance
Society and Product Responsibility	Human Rights & Fundamental Freedoms
Corporate Governance and Business Ethics	Social Conditions
Environmental Rating	Environmental Rating
Environmental Management	Natural Resources
Products and Services	Climate Change & Energy
Eco-Efficiency	Production & Consumption

The second filter “exclusion criteria” is laid upon companies (and countries) which have already passed the Best-in-Class-filter in order to select only those without any controversial business fields and/or controversial business practises. Countries are also selected with regard to any controversial activities.

Companies	Countries
Controversional Business Areas	Social Issues
Abortion	Authoritarian Regimes
Alcohol	Corruption
Armour	Defence Spending
Biocides	Death Penalty
Embryonic Research	Euthanasia
Gambling	Human Rights
Green genetic technology	Labour Rights
Nuclear Power	Money Laundering
Organochlorine Mass Products	Nuclear Weapons
Pornography	
Tobacco	
Controversional Business Practices	Environmental Issues
Human Rights Violations	Climate Protection
Labour Rights Violations	Nuclear Energy
Controversial Environmental Practices	
Animal Testing	
Controversial Business Malpractices (corruption, antitrust etc.)	

By using one filter for checking the sustainability and a second filter for checking the ethical behavior, the Steyler Bank derives an ethical and sustainable investment universe comprising only companies with “appropriate” products and “good” behavior (appropriate and good from the ethical stance). From the more than 3.500 companies and 65 countries in the beginning of the filter process only about 500 companies and a dozen countries are left over and are classified as “investable”.



Additionally to the double ethical filter, the Steyler Bank tries to influence the financial market and companies with another instrument: engagement. As long as a company fulfills the positive criteria and the Best-in-Class-approach and does not show any violations of exclusion criteria, the company remains in the ethical investment universe of the Steyler Bank. As soon as a company shows a decreasing sustainability performance or is caught being active in one or more controversial business areas or using any controversial business practices, it does not qualify any longer for the ethical investment universe of the Steyler Bank. Instead of just divesting from the company, the Steyler Bank launches a direct dialogue with the corporate management. The dialogue aims at motivating the company to more sustainability and to restrain from controversial business activities.

The process of tracking down “bad” companies and taking influence on them is not done by the Steyler Bank alone. For this challenging task the Steyler Bank is just building up a worldwide network of “SVD and SSpS Ethic Scouts”. This newly founded, still growing network is based on the already existing network of the JPIC-Coordinators within the congregations of SVD and SSpS. With their help, the Steyler Bank tries to get more detailed “first-hand” information on multinational companies and their social, cultural and environmental behavior in the countries where the missionaries live.