

The Steylet Bank Principles for Engagement with Companies

1. Introduction

The Steylet Bank, as the Mission Bank founded by the SVD Congregation, is convinced that the economy should serve the people. To meet this aspiration, the Bank - as an ethical investor - would like to exert positive influence not only on individual companies but also on the financial market in general. The Bank operates its engagement processes primarily with companies in the ethical investment world, but also, with some companies outside this universe.

2. Responsibilities

Engagement with company management is initiated and expertly supported by the internal Council on Ethics. The Executive Board of the Steylet Bank then has the responsibility for implementing these decisions.

The Council on Ethics was founded in 2013 specifically for the "Steylet Fondsfamilie Fair und Nachhaltig" as a joint body formed from the Steylet Bank and Warburg Invest, the investment company of the "Steylet Fondsfamilie Fair und Nachhaltig". The Council on Ethics currently consists of eight members with ethical and financial competence. It has the mandate to determine the inclusion in, or the exclusion of, investment securities with regard to the investment universe.

The Council on Ethics links the Steylet Bank to the approximately 10,000 Divine Word Missionaries and Holy Spirit Sisters currently working in more than 70 countries. The Bank uses this Steylet network and personal knowledge gained by members out in the field to get a more comprehensive picture of the multinational corporations and their social and environmental behavior. The Divine Word Missionaries and Missionary Sisters who work in this network provide "first hand" information to the Steylet Bank, and they may be included in the evaluation of investment companies in addition to the information provided by Oekom Research, an ethical investment research agency. They are therefore also called "Steylet Ethics Scouts".

The representatives of the Steylet Congregations represent the Ethics Scouts in the Council on Ethics.

3. Case-Specific Approach

During the screening process to find suitable companies to engage with the Council on Ethics focuses particularly on issuers of securities in the Fair and Sustainable funds. Issuers from outside the funds are also considered with the goal of expanding the available investment options.

The Council on Ethics will consider starting an engagement with a company which either loses its Best-in-Class status due to declining sustainability performance or because of breach of any exclusion criteria. The Council on Ethics will decide whether the Steylet Bank should disinvest from the company within a three-month period or can stay as an investor for the time being. In the latter case, the issuer will be put onto a Watch List and the Council on Ethics will monitor its behaviour.

4. Implementation

To start implementing the engagement, the Steyler Bank may choose between two ways of communication with the companies concerned: The first choice is to enter into a direct dialogue with the company. This is usually initiated by a personal letter to the senior management, in which the company's behavior with regard to sustainability is discussed. The subjects laid out in the letter could be a suspected violation of exclusion criteria, or the loss of Best-in-Class status. In the optimal case, a confidential exchange will then develop. The Steyler Bank hopes to exert a direct influence by means of this so-called in-house dialogue. Another appropriate way for the Bank to communicate views on sustainability issues is through an active vote at the annual shareholders' meetings. The necessary legal authorization for this is provided by Warburg Invest.

5. Partners

Basically, the Steyler Bank operates in its engagements as an independent institution in order to fully enact the part of ethical investor. At the same time, the Bank is open to conducting future engagement processes in co-operation with partners, e.g. with other members of CRIC e.V. (Corporate Responsibility Interface Center) or with signatories of the UN Principles of Responsible Investment, thus promoting the formation of joint forces.

6. Transparency

The Steyler Bank's engagement policy has two objectives: First to stimulate motivation for sustainability in individual companies and second, to provide maximum transparency for both customers and competitors. The Bank's website publishes quarterly updates with the following information:

- Portfolio List: Companies listed in the portfolio of "Steyler Fair und Nachhaltig – shares / bonds"
- Watch List: Companies with Best-in-Class status, but additionally, with one or more violations of exclusion criteria ("controversial business practices")
- Engagement List: Companies in which an engagement is already underway with information on the current state of affairs. The Steyler Bank reserves the right not to publish certain specific engagements in order to protect the confidentiality of the underlying process and thereby ensure the best chance of success
- Fund History: List of past companies which are no longer part of the portfolio, as well as the ethical reasons for divest (e.g. loss of Best-in-Class status, violation of exclusion criteria).

7. Engagement for a Better World

The Steyler Bank would like to invite individual companies to be aware of their social and environmental sustainability standards – primarily by taking responsibility for disadvantaged people worldwide, whose lives depend to a considerable extent on the social and environmental performance of such companies. In this way the Bank's commitment is linked to the on-going work of the Divine Word Missionaries and Holy Spirit Missionary Sisters for poor and disadvantaged people.