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by **Daniel Brooksbank** | October 12th, 2009

State Street, the US finance giant that manages and administers billions for institutional investor clients, has been excluded from Triodos Bank’s investment universe over non-disclosure of investments in land-mine and cluster bomb manufacturers.

Triodos analyst Alice Byers said the Boston-based bank “provided limited information in response to our questions on possible relationships with companies that manufacture anti-personnel mines and cluster bombs”.

State Street finance manager Kevin Brady told RI: “It is company policy not to disclose the client information the survey was looking for. We did respond accordingly on the company’s direct investments [in] cluster bomb/land mines as it pertains to our investment portfolio.” However, Byers at Triodos told RI: “Unfortunately, they did not provide enough information to meet our updated standard.” She pointed out Triodos doesn’t ask for specific client information. “Rather we ask whether there is any involvement with a limited number of companies (the ones that manufacture anti-personnel mines and cluster bombs), in the bank’s portfolios or their client portfolios. This is a response that several banks have used, but it is not really satisfactory.” She added: “State Street would not disclose whether the controversial weapons manufacturers were included in their own State Street funds. Of course these funds are for client money, but State Street chooses which companies are in the funds.”

State Street is among four firms recently excluded by Triodos. The others are UK biotech firm Meldex (de-listed from the stock market), sanitation company Waste Management (employment standards) and Swedish bank SEB (also munitions).

Triodos has also added seven firms to its investible universe: Aetna, Humana, Kingspan Group, Manpower, Roche, Suruga Bank and Wellpoint. Triodos has €1.5bn in funds under management. Last year Triodos reviewed 510 companies – with 33% becoming eligible for ethical investment. In total, 167 companies were ‘selected’ for the ethical investment universe in 2008 and 343 were ‘rejected’ according to Triodos criteria. Last month, Triodos launched a capital raising, seeking an extra €90m to meet growing demand. It said: “Over the next three to four years, Triodos Bank expects to double its balance sheet total, customer numbers and lending to sustainable companies.” CEO Peter Blom said: “New capital will enable us to lend to even more to sustainable projects and companies. Our growth is faster than foreseen; we continue to thrive despite the financial crisis, and have no shortfall of capital. This year we have grown faster than ever before, with more than an 18% increase in our customer numbers since January 2009. “If nothing else, the financial crisis has taught us that it pays to choose sustainable.” In August Triodos announced that its first-half operating profit rose by 50% over the same period in 2008 – and that funds rose by 6% in the first six months.

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