Mercy Investment Services: 10 Years of Values and Vision

also in this issue:

Liturgy, Arts and Diplomacy: That’s How We Build a Church

Sisterhood of Sports
FEATURES

4  Mercy Investment Services: 10 Years of Investing with Values and a Vision
   By Bryan J. Pini

8  Liturgy, Arts and Diplomacy: That’s How We Build a Church
   By Beth Rogers Thompson

12 Sisterhood of Sports
   By Karel Bond Lucander

COLUMNS

11 Justice | Joy and Lamentation at the Synod on the Amazon
   By Marianne Comfort

16 Vocation and Incorporation | All the Places You Might Call Home
   An interview with Sister Phuong Dong by Sister Cynthia Serjak

DEPARTMENTS

2 Updates from Around the Institute
   Compiled by Mercy Communicators

17 Spice of Mercy Life | Wading in the Waters
   By Karel Bond Lucander
In Dublin in 1827, Catherine McAuley humbly used her influence to connect the rich with the economically poor of Dublin society, an effort that grew to have a global reach. But could she ever have imagined a day when Mercy would not only challenge the culture and behavior of some of the world’s largest industries and corporations—pharmaceutical manufacturers, energy companies, hotels and airlines, a major sporting goods chain, even Coca-Cola—but also promote a more just and sustainable world through shareholder advocacy and impact investments?

That is just what Mercy Investment Services, which celebrates its tenth anniversary on February 1, does. As the single investment program for the Sisters of Mercy of the Americas, Mercy Investment pursues a socially responsible asset management model to effect systemic change and provide needed capital to organizations in underserved communities. By utilizing the resources entrusted to us, as Catherine used her inheritance, Mercy Investment advocates for the global concerns of the Sisters of Mercy, in collaboration with the Institute Justice Team, Mercy International Association and Mercy Global Concern. Just as Catherine brought the rich and poor into relationship with one another, so, too, does socially responsible investing.

Sister Mary Waskowiak was president of the Institute when the financial norm was established to create Mercy Investment Services and consolidate Mercy investments.

“Thankfully, Mercy had wonderful justice people who said that if we’re going to do this, we need to think of how to use money justly,” she says. “What’s happened since 2008 and 2009 is incredible. The gem is socially responsible investing.”

The Sisters of Mercy have a long legacy of active investing, including engaging companies and voting proxies. For the past decade, Mercy Investment has amplified the Mercy voice by harnessing the collective power of our investments to push companies to change and make positive investments in people and planet through shareholder advocacy, impact investing from the Mercy Partnership Fund and a growing focus on investments that benefit the environment.

---

From a Mustard Seed

In 2006, as a result of decisions made at the previous year’s Chapter, Institute President Sister Mary Waskowiak authorized that all investments be consolidated into a single investment program, to better steward and increase the impact of the financial resources of the Sisters of Mercy and any Institute sponsored or co-sponsored ministry that chose to participate. This decision was followed by two years of intense preparation that included establishing financial norms for the Institute. See how we’ve grown in the last 10 years.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies Engaged</td>
<td>35</td>
<td>150</td>
</tr>
<tr>
<td>Environmental Solutions Fund</td>
<td>$0</td>
<td>$45 million</td>
</tr>
<tr>
<td>Mercy Partnership Fund</td>
<td>$9 million</td>
<td>$40 million</td>
</tr>
</tbody>
</table>
Shareholder Advocacy

In addition to using investment returns to support the mission, Mercy Investment helps Sisters of Mercy and others leverage their power as investors to persuade companies to make changes for the common good, especially those related to Mercy's Critical Concerns: nonviolence, anti-racism, immigration, care for Earth and fullness of life for women.

"Socially responsible investing and shareholder advocacy are things we Sisters of Mercy can do better together. It's clear to me that by forming Mercy Investment Services, we brought disparate and part-time efforts in our regional Communities to a very mission-focused ministry," says Sister Susan Vickers, a member of the Social Responsibility Committee and former board chair. “They incorporate the mind and heart of Mercy into the decisions they make and encounters they have.”

By 2013, Mercy Investment was providing shareholder advocacy services for the Institute as a whole, as well as for Catholic healthcare systems, religious communities and faith-based organizations that lacked the capacity or resources to engage in this work on their own. Today, Mercy Investment represents nine of these partners with $35 billion in assets under management, engaging companies on issues that are important to them or to their local communities.

“It’s a testimony that we were doing something right with Mercy Investment Services, that it attracted the attention of health care and other religious communities. I’m proud that we’re willing to share it,” says Mary.

Continuing that critical work today, our shareholder voice is even stronger as we represent all Sisters of Mercy of the Americas through corporate engagements, company dialogues, shareholder resolutions and proxy voting. Representing other like-minded organizations, and thus more shares in a company, strengthens our voice as we push companies toward systemic change that addresses social and environmental justice concerns.

“I do think it’s a characteristic of Mercy to really engage, especially at this time, with the call of Pope Francis for a culture of encounter to stay engaged, in particular where there are differences,” says Sister Anne Curtis, a member of the Social Responsibility Committee. “Given the legislative situation we face in this country, where laws and regulations are being decimated, we can still use our voice to engage and stay at the table.”

Shareholder Advocacy: Key Points

<table>
<thead>
<tr>
<th>What is proxy voting?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mercy Investment Services votes its proxies—meaning we vote as shareholders of the companies owned in our portfolio—for all U.S. and global company annual meetings to press them to address environmental, social and governance concerns.</td>
</tr>
</tbody>
</table>

In the 2019 proxy year, Mercy Investment voted on:

- **26,500** ballot initiatives
- **2,150** U.S. and global proxies

A few highlights of our shareholder engagements include:

- Mercy Investment Services co-founded the Investors for Opioid Accountability (IOA), which has filed **50 resolutions** on board oversight of opioid risks at pharmaceutical manufacturers, distributors and retailers.
- Utility companies such as AES and Southern have committed to **retiring existing coal plants** and **reducing emissions**. AES has become an industry leader in renewable energy generation and storage, bringing the world’s largest solar-plus-storage system online.
- Engagements with hotel chains, airlines and trucking companies have led those industries to **train employees to identify human trafficking victims**. Hotel chains and airlines have also **refused to provide services to migrant detainees being transported to detention facilities**.
- Our engagements with Dick’s Sporting Goods led the company to **end sales of assault-style weapons and high-capacity magazines** and to stop selling firearms to anyone under the age of 21. We continue to pursue accountability for retailers and gun manufacturers.
- We have pressured companies that use significant amounts of water in production, such as Coca-Cola and Campbell’s Soup, to **reduce water usage** and worked to **return water** used in production to the communities in which they operate through rainwater harvesting and improved water sanitation.

---

**MERCY INVESTMENT REPRESENTS:**

- **9** faith-based partners with **$35 billion** in assets under management
- **200** annual engagements with **150** companies
- Trained to recognize human trafficking: **250,000** airline staff, **730,000** truck drivers, **700,000** hotel employees
- Investors for Opioid Accountability: **58** investors representing **$4.3 trillion** in assets under management
Mercy Partnership Fund

To expand our rich history of community investing, Mercy Investment directed a portion of its portfolio to the Mercy Partnership Fund, a critical component of our impact portfolio. The Mercy Partnership Fund makes below-market-rate loans to organizations creating positive social and environmental impacts by addressing underlying social justice issues. The work of these powerful organizations includes addressing inadequate access to housing, jobs, education and health services in underserved communities. A few of our current investees include:

- **Mercy Housing and Mercy Loan Fund** – Provide affordable housing and supportive services for low-income families, seniors and people with special needs throughout the United States.
- **Azure Source Capital** – Works to improve water and sanitation services for underserved communities in El Salvador.
- **Shared Interest** – Provides access to local capital and technical support for small and growing businesses, farmers with two acres of land or less, and cooperatives in low-income communities of color in South Africa and other southern African countries.
- **First Nations Oweesta Corporation** – Provides investment capital, training and technical assistance to Native community development financial institutions.
- **Solar and Energy Loan Fund** – Offers energy expertise and low-cost loans to homeowners and small businesses in underserved communities to finance sustainable, energy-efficient property improvements.

Mercy’s History of Community Investing

Prior to the formation of Mercy Investment Services, several of the then-regional Communities of the Sisters of Mercy were active in community investing, making low-interest loans to organizations that helped the economically poor, especially women and children, concentrating on those unserved by traditional financial sources such as banks. In many cases, the Sisters of Mercy channeled Catherine’s pioneer spirit by being one of the first investors in these organizations.

In calendar year 2018, Mercy Partnership Fund loaned to:

- 60 organizations in 59 countries and all 50 states. Investments have quadrupled to $40 million since 2009.

Sister Dale Jarvis currently serves on the Mercy Partnership Fund (MPF) subcommittee and has been deeply involved in Mercy’s work in Haiti, including with MPF investee Fonkoze, whose Chemen Lavi Miyo (Pathway to a Better Life) program helps Haitian women living in extreme poverty build sustainable livelihoods to support themselves and their families. Dale had the opportunity to attend Fonkoze’s graduation in January 2019.

“Because of Mercy Investment Services and all its components, I’ve seen women standing tall and saying goodbye to misery,” says Dale. “I see Mercy Partnership Fund loans actually being put to direct service. These loans are helping the ultrapoor and empowering women.”

A member of the Masilakhe (“Let us build” in Zulu) cooperative at Rietkloof Farm in South Africa. The cooperative purchased the farm, which has grape vines and orange trees, with a loan guarantee from Shared Interest.
Environmental Solutions Fund

Recognizing that addressing climate change is the greatest moral imperative of our time, in 2015 Mercy Investment created the Environmental Solutions Fund, another critical aspect of our impact investing portfolio. This initiative funds projects focused on renewable energy, energy and water efficiency, materials recycling, green buildings, sustainable agriculture and sustainable forestry, including:

- **Berkeley Energy** – Accelerates social, economic and environmental sustainability through the development, construction and operation of small hydro, wind, geothermal, solar and biomass renewable energy facilities in the Philippines, Indonesia and India.

- **Starsight** – Provides clean, reliable, affordable energy in Nigeria through the installation of solar-diesel-battery hybrid systems to store green energy and offers its customers significant power cost savings, while reducing CO₂ emissions and greenhouse gases.

- **sPower** – Funds wind and solar renewable energy projects in the southwest United States; puts 4 million solar panels in operation that generate 1.3 gigawatts of clean power per year.

- **AeroFarms and Living Green Farms** – Vertical farming operators—using stacked growing methods such as hydroponics and aeroponics—use 95 percent less water, no pesticides or herbicides, and fewer nutrients than traditional farming. The U.S.-based farms reduce the carbon footprint of vegetables by growing fresh produce in areas that typically require long-haul transport to receive the product.

- **Volta** – National network of electric vehicle charging stations. Volta uses advertising on almost 1,000 charging stations in high-traffic areas and partnerships with the location owners to keep the charging stations free for vehicle owners.

“What will be interesting, as we celebrate 10 years, is what on the horizon is calling us?” said Mary. “I’m curious at the 10-year marker, what’s the 15-year sight?”

---

Bryan J. Pini is the president and chief investment officer of Mercy Investment Services. He can be reached at communications@mercyinvestments.org.

Look for more about Mercy Investment Services in the March/April issue of ¡Viva! Mercy.

---

**Environmental Solutions Fund …** present in 14 countries and 23 states

Avoided 4.8 million tons of carbon dioxide in 2018 alone

A wind project in the province of Oriental Mindoro (island of Mindoro) in the Philippines.

Created 5.1 gigawatts of clean energy capacity since 2015

A solar energy facility in India was developed by Berkeley Energy’s Renewable Energy Asia Fund.

Committed more than $100 million to environmental innovators in the last five years

A vertical farm in New Jersey uses less water than traditional farming and no pesticides or herbicides.