


BY SUSAN SMITH MAKOS

INVESTING IN Human Rights



People throughout our world today face struggles old and new: women and children are trafficked and used for prostitution; immigrants are mistreated and live in poor conditions; families try to survive in countries where water is scarce or polluted. These people have no voice so it becomes the responsibility of those who do to speak on their behalf. This is a primary focus for Mercy Investment Services.

HUMAN TRAFFICKING

Every day, human trafficking occurs throughout the world. Many victims are shuttled through major hotel chains by their captors.

Approximately 600,000 to 800,000 victims annually are trafficked across international borders worldwide. These estimates include women, men and children. Victims are generally trafficked into the U.S. from Asia, Central and South America, and Eastern Europe.

—U.S. State Department 2010 Human Trafficking Report

By educating hotel staff, vendors and guests on the problem of human trafficking and the warning signs they may see, hotels can take an important step in identifying victims and finding an appropriate remedy. We encourage hotel chains to implement the Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism, commonly known as the Code, a project of End Child Prostitution Child Pornography and Trafficking of Children for Sexual Purposes (ECPAT). Currently, only one hotel chain, Carlson, has signed on to ECPAT's Code which asks those in the tourism industry to:

- establish ethical corporate policies regarding the sexual exploitation of children,
- train hotel personnel,
- incorporate the code into their vendor contracts,
- educate travelers, and
- annually report on their efforts to end human trafficking.

Since 2007, Valerie Heinonen, OSU, director of shareholder advocacy, has engaged hotel chains including Wyndham, Marriott, Starwood, Choice and Hilton in the hopes of having them sign ECPAT's Code. Several chains have agreed to develop components of a human rights policy and to implement staff training.

Another important component of shareholder advocacy is engaging companies at a grassroots level. To enlist hotels to combat this tragedy, Mercy Investment Services is asking sisters, associates and co-workers throughout the Institute and in our ministries to actively engage the hotels in which we are guests. Mercy Investment Services has developed a letter for hotel guests to deliver to hotel management. Our hope is that these letters which show our concern for human trafficking will further encourage hotel chains to implement ECPAT's Code. As you check in to a hotel, simply give your letter to the front desk and ask the hotel staff to deliver your letter to hotel management. The letter is available online at www.mercyinvestmentservices.org.

In addition to working with the hotels, our engagements include airlines. ECPAT had been working with Northwest Airlines prior to its merger with Delta on its

willingness to sign the Code. In 2009 and 2010, Sister Valerie, with an ECPAT representative, attended Delta's annual meeting and asked whether Delta would sign the Code. In 2010, Mercy Investment Services filed a resolution asking Delta Airlines to address the issue of child sex tourism and sign the Code. As a result of positive discussions, Mercy withdrew the resolution and ECPAT approved Delta's application making it the first domestic airline to adopt the Code. While hundreds of organizations in the travel industry worldwide have signed the Code, only three U.S. organizations have. By signing the Code, Delta has agreed to implement policies that condemn child trafficking and train employees to identify and report trafficking activities. Delta also plans to include information about ECPAT and the Code on its website and in its *Sky* magazine.

IMMIGRATION

In support of the Sisters of Mercy's Critical Concern for immigration, Mercy Investment Services recognizes that comprehensive immigration reform is essential to protecting the basic human rights of men, women and children entering this country every day and working to fulfill their version of the American dream.

As of March 2009, an estimated 11.1 million unauthorized immigrants, 1.1 million of whom are children, are in the United States.

—Pew Hispanic Center Report, September 1, 2010

As a way to use our corporate voice as shareholders to raise awareness of the critical need for immigration reform, Mercy Investment Services has joined more than 65 other institutional investors calling on major companies to advocate for immigration policy reform. The letter, sent to 174 companies including AT&T, General Electric, IBM and Wal-Mart, encourages executive leadership to publicly support immigration reform that includes a path to legal status for undocumented immigrants through their company websites, company publications or through involvement in the Partnership for a New American Economy, a bipartisan coalition of mayors and business leaders who are making the case for sensible immigration reform.

WATER

Water is essential—essential for sustainability of life, essential for the food chain that sustains living creatures, essential for the industry that supports our global economy.

By 2025, 1.8 billion people or about 1 out of every 4 people will live in countries with absolute water scarcity and two-thirds will live in water-stressed areas.

—Global Environmental Outlook 4 (2007)
of the United Nations Environmental Programme (UNEP)

Mercy Investment Services actively works to advocate for the recognition of water as a basic human right and for companies to responsibly use this valuable resource. Prior to the United Nations' 2010 resolution to recognize water and sanitation as a human right, Mercy Investment Services wrote a signatory to a letter to Ambassador Susan Rice asking her to support the resolution.

Since 2008, the Sisters of Mercy, through their collaboration with the Interfaith Center on Corporate Responsibility (ICCR), have engaged Coca-Cola, a major worldwide beverage company, on its water practices. Dialogues have addressed the company's position on water as a human right and how Coca-Cola will lessen its impact on water consumption, particularly in water-stressed areas such as India. Investors have been encouraged by Coca-Cola's cooperation thus far and continue discussions surrounding Coca-Cola's water usage in water-stressed areas of the world where its plants are located.

Mercy Investment Services also participated in a dialogue with ConocoPhillips which has an oil refinery located in Mossville, Louisiana, concerning community concerns of soil and water contamination. Last summer, Mercy and other ICCR members visited the refinery—one of 14 industrial facilities located in what is known as "Cancer Alley" in Louisiana—and met with local community and environmental groups. Recently, the U.S. Environmental Protection Agency notified Mossville that while water and ground contamination are present, they do not exceed maximum allowable amounts, making the community ineligible for federal funding for superfund site clean-up. Dialogue with the company will continue to address the splintered relationship with the local community as well as needed improvements to the water supply system and health care services of the community.

The poor need help today, not next week.

—Catherine McAuley

Through our investments we have the opportunity to create positive change in our world by speaking on behalf of those without a voice. Mercy Investment Services will continue to work to ensure that companies respect each individual's basic human rights. We ask for your support and your prayers as we continue our mission of creating systemic change through socially responsible investing. In future issues of *Viva! Mercy*, we will explore other areas of our shareholder advocacy efforts including environmental issues such as greenhouse gas emissions reduction, hydraulic fracturing, water sustainability and renewable energy; global access to medicines; financial sector practices and corporate accountabilities.



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Countries such as Cuba, the Dominican Republic and Burma do not comply with the United States Trafficking Victims Protection Acts.

REVIEWING OUR PROGRESS

Since its implementation in February, 2010, Mercy Investment Services has raised our corporate voice to effect systemic change in corporate policies and activities through corporate engagements, letter-writing campaigns and our role as consumers in today's economy.

While composing only two percent of investable assets, faith-based investors including the Sisters of Mercy filed 44 percent of the shareholder resolutions with companies between 2008 and 2010.

As investors the Sisters of Mercy actively engage corporations to help create systemic change and ensure human rights in all parts of the world. Mercy Investment Services encourages companies to implement corporate policies and practices that ensure basic human rights for all peoples and comply with recognized human rights standards. In the 2010-2011 shareholder advocacy season, Mercy Investment Services has worked collaboratively with organizations such as the Interfaith Center on Corporate Responsibility (ICCR) and regional Coalitions for Responsible Investment.

- Mercy Investment Services continues its dialogues with technology companies Hewlett-Packard, Motorola and United Technologies regarding their human rights codes. Mercy Investment Services has participated in ongoing dialogues with United Technologies (UTC), a defense contractor manufacturing jet engines and other weapons, for the past two years. Since a December 2010 meeting with shareholders, UTC now assures investors it no longer uses child or forced labor in its worksites.
- Mercy Investment Services has filed a resolution with energy company Chevron, a known violator of human rights through its use of forced labor and forcible relocation of residents to secure a gas pipeline, asking that Chevron report on its investment operations in and withdrawal from specific high-risk countries.
- Mercy Investment Services is part of resolutions filed with Boeing, General Dynamics, Halliburton, KBR and Lockheed Martin regarding implementation of a human rights code to address trafficking and forced labor. To date, KBR has developed a trafficking policy and Boeing, Halliburton, Raytheon and Lockheed Martin have agreed to participate in dialogues with investors. Dialogues include the frequency and type of employee training, the grievance and complaint process available, and availability in the local language. Because of the fluid and evolving nature of dialogues and resolutions, we encourage you to visit www.mercyinvestmentservices.org to learn more about our corporate engagements.

Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism

An industry-driven responsible tourism initiative in collaboration with ECPAT internationally funded by the United Nations Children's Fund (UNICEF), and sponsored by the United Nations World Tourism Organization (UNWTO.)

The Six Criteria of the Code

Suppliers of tourism services adopting the Code commit themselves to implement the following:

- 1** To establish an ethical policy regarding commercial sexual exploitation of children.
- 2** To train the personnel in the country of origin and travel destinations.
- 3** To introduce a clause in contracts with suppliers stating a common repudiation of commercial sexual exploitation of children.
- 4** To provide information to travelers by means of catalogs, brochures, in-flight film, ticket-slips, home pages, etc.
- 5** To provide information to local "key persons" at the destinations.
- 6** To report annually.