

Investing

in

Mercy

**MERCY
INVESTMENT
SERVICES
AND THE
FUTURE**

by Bryan J. Pini

Even as a young woman, Catherine McAuley had a deep and abiding love for the poor. Gifted with an unexpected inheritance of £25,000 from Mr. and Mrs. Callaghan, Catherine built and opened the House of Mercy on Baggot Street to serve women and children. Catherine's inheritance birthed an Institute committed to works of mercy

that have transformed the lives of persons living in poverty around the world. Like Catherine, we too have been blessed with monetary resources, our legacy from those who came before us. Our decisions about the use of our "inheritance," even in this time of economic stress, have the potential to transform lives for the next hundred years.

Mercy Investment Models | *Engaging Corporations*

Historically, the Mercy community has engaged in several types of socially responsible investment practices. The following examples serve as models that Mercy Investment Services will continue in the future.

Creating Sustainable Water Sources

In 2008, the Sisters of Mercy joined the dialogue between the Coca-Cola Company and the Interfaith Center on Corporate Responsibility (ICCR). Coca-Cola, a beverage company operating in more than 200 countries, relies on a sustainable source of water, both for production and as a main ingredient in its beverages. By focusing on reducing its water “footprint,” Coca-Cola has improved its water efficiency and developed alternative supplies, such as rainwater collection. The dialogue between Coca-Cola and ICCR continues to address the company’s position on water as a human right and how it is mitigating its impact on water consumption in both products and operations, particularly in water-stressed areas such as India. The Sisters of Mercy anticipate a significant role in ICCR’s forthcoming shareholder campaign, which will address both the human rights and environmental aspects of water. Resolutions and dialogues will focus on asking companies to evaluate how to improve their stewardship of water in their operations and to reduce the human and environmental impacts of their operations on water resource sustainability.



Protecting Trafficking Victims

In March 2007, Mercy Investment Program (MIP) and the Detroit Charitable Trust began addressing the lack of a human rights policy at Wyndham Hotels, an international company with more than 7,000 hotels in 66 countries. In their role as company shareholders, MIP and the Detroit Charitable Trust requested that Wyndham adopt a policy prohibiting the sexual exploitation of minors on company premises. Working with other faith-based Wyndham shareholders, MIP and the Detroit Charitable Trust, they filed a shareholder resolution and met several times with Wyndham executives regarding their concerns. As a

result, Wyndham has developed and implemented a human rights policy that is now part of its code of conduct and its employee and franchisee training program, and partnered with the Polaris Project to provide hundreds of free hotel rooms to trafficking victims.

The simplest and most practical lesson I know is to resolve to be good today but better tomorrow.

LETTER FROM CATHERINE TO SISTER

M. DE SALES WHITE, *February 28, 1841*

Like Catherine, we realize that working together will allow us to align our investments with our mission and critical concerns. Today we are more than ever conscious of our need to make responsible investment practices a priority.

Avoiding investments in companies whose products, services or activities—such as abortifacient drugs or devices; embryonic stem cell research; nuclear, chemical, biological or other weapons systems or tobacco products—are contrary to Mercy values is just one method of incorporating our mission into our investments. More importantly, we must seek investments in companies whose activities demonstrate a record of accomplishment in matters aligned with our guiding principles. These would include employment and board governance opportunities for women and minorities; just employment and human rights practices; good stewardship of the earth and its resources; promotion of nonviolence; and funding for affordable and low-income housing, community development and education programs.

In carrying our works of mercy, we are impelled to work for justice.

SISTER BERNADINE DALY

Guided by Catherine’s dedication to the works of mercy and our critical concerns, the Sisters of Mercy actively promote changes in corpo-

rate practices in order to achieve social and economic justice, a sustainable Earth and the common good. This is accomplished not only through communications with legislators and policymakers at the local and national levels, but also through active engagement of corporations. A comprehensive program of shareholder advocacy, in collaboration with others who share our commitment to human dignity, mercy and justice, raises our corporate voice and promotes systemic change in addressing the global reality. Engaging companies by filing resolutions and participating in dialogues, educating ourselves and others on issues of concern, and combining our ownership interests in companies with other investors to effect change in corporate policies are powerful and realistic avenues for using our investments to address our global concerns.

The Sisters of Mercy have historically participated in collaborative shareholder efforts that have brought many changes in companies (*see sidebars*) on issues such as human rights and water conservation. Systemic change will only occur with a multifaceted approach that includes active engagement of legislative, corporate and local leaders. We strive to coordinate our shareholder advocacy initiatives with and leverage the efforts of the Institute and Community Justice Teams both locally and internationally to address our critical concerns.

Catherine's compassionate response was immediate, practical ... enabling the poor to help themselves and to find new dignity.

M. CARMEL BOURKE

Mercy Investment Models | *Empowering Individuals*

Helping Women Build Small Business

A mother, living in a poor neighborhood, wanted a better life for her two children. With a loan from the Mercy Microlending Program, she purchased a sewing machine. Using her talents as a seamstress, she built a successful business and repaid the loan. She later requested a second loan that enabled her to purchase a commercial-grade sewing machine that she could use for items such as drapery. The additional income enabled her to move to a better part of town and create a more stable life for her children.



Economic stability such as this was the driving force behind the Mercy Microlending Program, started by the former Cedar Rapids regional community. The program, which continues with the support of the West Midwest Community, provides small loans to women identified by three Mercy ministries serving families who are economically poor. Loans range from funding education to assisting with critical home repairs. Sister Kathy Thill, member of the microlending committee, says, "The program has very much benefited families who, when given the chance, improve their own living situation."



Supporting Women in Rural Areas

In the early 1990s, two Sisters of Mercy, along with women living in Anthony, New Mexico, saw isolation and a lack of education negatively affecting women in this rural community. They responded by creating the Women's Intercultural Center. Today, the Women's Intercultural Center offers a welcoming place for women to gather and develop their spiritual, social, political and economic potential. In 2001, the center's Educational Construction Project combined job creation, skills training, and alternative construction education programs to create a 7,000-square-foot environmentally friendly building that utilized materials

such as recycled tires. A loan from the Mercy Investment Program, through Mercy Partnership Fund assists the center with cash flow for daily expenses. A grant from the Kellogg Foundation recently enabled the center to launch the Small Business Development Academy, which educates and trains women residing on the border. The 12-week course focuses on key business concepts such as strategic planning, marketing, accounting, human resources, legal issues and the available federal and state resources.

These represent just a few of the many ways investments are used to promote the Mercy mission and charism. Please visit www.mercyinvestmentservices.org to follow our progress in the future.

Helping persons who are poor extends beyond fulfilling their immediate needs. Mercy has historically worked to foster systemic change and the empowerment of individuals and communities (*see sidebars*). As global citizens as well as people of Mercy, we have a responsibility to use our resources and our expertise to help others. Financial resources play a critical role in addressing underlying social justice issues: inadequate access to housing, insufficient, low-paying jobs, poor education and health services in underserved communities. Community investing programs, such as the Mercy Partnership Fund and the Mercy Microlending Program, provide small loans for education, building improvements and business supplies to those who are willing and able to build businesses and strengthen their communities. Affirming our commitment to investments in programs for low-income and minority communities, such as the Women's Intercultural Center, is another way to respond to basic human needs and promote systemic change and justice.

...Since there is very little good can be accomplished or evil avoided without the aid of money, we must look after it in small as well as in great matters. LETTER FROM CATHERINE TO FATHER

JAMES MAHER January 10, 1838

Being good stewards of our resources fosters not only a better and stronger institution of Mercy but a better world. Improved investment returns provide additional funds to enhance the life and mission of the Sisters of Mercy. In today's world, the needs of those marginalized by society far exceed the resources available. Our ministries struggle to meet increased demand for their services and the economic downturn has reduced investment returns, donations and external grant opportunities and has limited opportunities to create new or expand existing programs. We have a responsibility to those who have come before us, to each other, and to those who will follow to steward our resources for the life and mission of the Sisters of Mercy.

Your little branch is beginning to be spoken of.

LETTER FROM CATHERINE TO SISTER MARY JOSEPH JOYCE

December 20, 1840

Mercy Investment Services is the newly formed asset management program for the collective investment and professional management of the investments of the Sisters of Mercy and the sponsored ministries that choose to participate.

The mission of Mercy Investment Services is to enhance the financial resources of the Sisters of Mercy of the Americas through socially responsible investing.

Mercy Investment Services engages in collaborative efforts to:

- raise our corporate voice to effect systemic change in corporate policies and activities,
- provide capital to community organizations, and
- participate in other investment opportunities consistent with our mission.

Rooted in the Gospel and guided by the Direction Statement of the Sisters of Mercy, Mercy Investment Services supports the life and ministries of the Sisters of Mercy.

Launched on February 1, 2010, this collaborative effort will reduce administrative and investment fees and allow us to invest in funds that will offer greater returns, maximizing the resources available for the common life and mission of the entire Institute. As Chief Investment Officer of Mercy Investment Services, I believe the establishment of Mercy resources "in small as well as in great matters" is a step Catherine, herself an astute businesswoman, would applaud. Our collaborative work for systemic change in the areas of non-violence, racism, the environment, concern for women, and immigration through shareholder advocacy and community investments will strengthen our life and mission, the work of our ministries and preserve the legacy of the Sisters of Mercy.

My heart rejoices at your very great progress ... It affords great comfort to my mind and gives great promise of lasting good. LETTER FROM CATHERINE TO

SISTER MARY TERESA WHITE, August 3, 1841



Bryan J. Pini, the Chief Investment Officer for Mercy Investment Services, worked closely with the member representatives in the creation of the new single investment program. Previously, he served in key investment positions with the Sisters of Mercy Health System of St. Louis and with St. Louis University. He can be reached at bpini@sistersofmercy.org.