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Campus Ministry for a Digital Generation

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Sacred Listening: Mercy Chaplains Offer the Gift of Support

The Positive Impact of Mercy Investment Services
**SimA** provides access to off-grid solar energy to those living on less than $2.50 per day in Sub-Saharan Africa.

*The second in a two-part series on Mercy Investment Services’ 10th anniversary.*

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**Mercy Investment Services:**

Positively Impacting People and Communities

By Bryan J. Pini
Climate change is a global problem with serious implications, environmental, social, economic, political, and for the distribution of goods; it represents one of the principal challenges facing humanity in our day.

—Pope Francis, Laudato Si

We face a growing climate crisis, and as members of this global community, we have a responsibility to heed Pope Francis’ call to care for our common home. Since our inception in 2010, Mercy Investment Services has used our role as a socially responsible investor to engage companies on a range of issues impacting the health of people, community and our planet and to invest in organizations creating innovative solutions to the climate crisis.

At Chapter 2017, we were challenged to “intensify our efforts to align our investments with our values.” Although our investments have always been guided by the Critical Concerns and the mission of the Sisters of Mercy, we have deepened the impact of our work through increased allocations to the Environmental Solutions Fund and Mercy Partnership Fund; new allocations to green bonds and stocks providing solutions to the global climate and water crisis; and expanded shareholder advocacy initiatives. The collaborative work of our first 10 years has laid the foundation for us to further expand our efforts to positively impact people and communities around the world.

Getting to the Grassroots

In 2015, Mercy Investment Services created the Environmental Solutions Fund to invest in renewable energy, energy and water efficiency, materials recycling, green buildings, sustainable agriculture and sustainable forestry.

“We’re actually sort of getting our hands dirty and making a commitment of our own resources to hopefully, at least in a small way, address that concern for Earth,” says Tom Guelcher, Investment Committee member. “If Catherine (McAuley) were around, what we’re doing is what she would be doing—not just talking, but actually doing something very tangible.”

Since Chapter 2017, Mercy Investment has committed more than $85 million to addressing environmental issues across 14 countries and 23 states. These efforts have created 5.1 gigawatts of clean energy capacity since 2015 and avoided 4.8 million tons of carbon dioxide in 2018 through:

- **Clean energy generation and storage.** This includes investment in large-scale and small, localized energy resources, storage systems and micro grids in the United States, Europe and developing countries. Mercy Investment has actively supported increased availability and access to efficient and affordable clean energy generated through small hydro, wind, geothermal, solar and biomass projects in Chile, India, the Philippines, Indonesia, Thailand, Ghana, Nigeria, Senegal and South Africa.

- **Increasing energy and water efficiency.** Investments in emerging and disruptive technologies have increased efficiency, resulting in decreased natural resource use and reduced greenhouse gas emissions. Efforts range from improving the efficiency of the way we move people and goods through ride-sharing programs and vehicle electrification and charging, to improving the efficiency and reliability of energy assets and battery storage technology.

- **Circular economy.** Investments have increased energy efficiency, reduced the consumption of natural resources and reduced waste through recycling, reuse and the sharing economy. Investments range from a business marketplace for imperfect and surplus produce to on-site wastewater treatment for food and beverage processors that consume high volumes of water and generate high-strength wastewater.

- **Sustainable agriculture.** This includes investments in precision farming (using less land, water and fertilizer and fewer herbicides and insecticides to grow more), plant-based alternatives to meat and new farming methods. Investments have focused on projects including vertical farming in the United States, which use 95 percent less water, no pesticides or herbicides, and fewer nutrients in areas that typically would require long-haul transportation; and smallholder farmers in sub-Saharan Africa, which provide access to high-quality, improved seed and training in conservation farming techniques to help raise crop yields.
"In the Environmental Solutions Fund, we're investing closer to the grassroots level, and these investments are having impacts on the day-to-day lives of people," says Steve Falci, Investment Committee member. "Not only are these solving environmental problems, but there are ancillary benefits to the community, such as job creation."

**International and Intercultural**

Since its beginnings in the 1970s, Mercy's community investments have supported projects and organizations that benefit the environment. Sister Lindora Cabral currently serves on the Mercy Partnership Fund Subcommittee and Social Responsibility Committee. She was also one of the first members who laid the groundwork for Mercy Investment, starting in 2008.

“When it comes to making changes, often what’s needed is financial resources, especially in the poorer communities,” Lindora says. “Part of Catherine's legacy is to be sure we share what we have with those in need.”

Since Chapter 2017, Mercy Partnership Fund has added seven investments directly benefiting the environment. Investments funded in 2019 include:

- **Catholic Climate Covenant’s Catholic Energies Program**, which helps Catholic organizations in the United States identify, finance and implement renewable energy and energy efficient solutions for their parishes, schools and community centers. The projects bring positive environmental benefits and free up resources that organizations can use to further their missions. The United States Conference of Catholic Bishops founded Catholic Climate Covenant with the support of partner organizations, including the Sisters of Mercy, to educate and equip Catholics to take action on climate change.

- **The SIMA Off-Grid Solar and Financial Access Fund**, which helps make affordable clean energy accessible to those living on less than $2.50 per day, mainly in East and West Africa. Solar lanterns and solar home systems replace inefficient, expensive and dangerous alternatives such as kerosene, candles, flashlights and car batteries. In addition to health and environmental benefits, studies have found that using solar lights reduces rural families' power costs from 10 percent to 2 percent of their household income.

- **Azure Source Capital**, which has a mission to improve water and sanitation services for underserved communities in developing countries. Azure provides technical assistance and mobilizes capital to support rural water cooperatives’ efforts to improve the quality and reliability of water services. Azure has brought piped water services to small rural communities in El Salvador and brought safe water to more than 37,000 families in 45 communities.

“Our newest Mercy Partnership Fund loans are helpful to places in the United States and beyond the United States,” Lindora says. “You can see how we remember we’re an international and intercultural community, even investing in places where the Mercys are not.”

**A Seat at the Table**

Being active shareholder investors continues to give Mercy Investment a voice to address how corporations are impacting the environment. Our shareholder engagements related to environmental sustainability have grown from six in the 2009–2010 advocacy season to 84 in 2017 and 96 in 2019. Some highlights include:

- **U.S. Steel**. Since Mercy Investment began engaging U.S. Steel in 2016, the company—which produces essential materials for buildings, cars and other durable
products—has published a sustainability report on emissions in its operations and set a goal to reduce its greenhouse gas emissions intensity by 20 percent by 2030 based on 2018 baseline levels. This includes renovating its Mons Valley Works in Pittsburgh, Pennsylvania, which manufactures advanced steel for the automotive industry; building a lower-emissions electric arc furnace to recycle steel; and investing in the United States’ first LEED-certified electric arc steel mill.

- **Antero Resources.** In three years of engagement with Mercy Investment, the natural gas exploration and production company issued its first sustainability report, and its website included extensive information on its water and methane management practices and emissions. Most recently, the company agreed to increase disclosures of how the company is managing its climate risk.

- **AES.** Electric utility companies generate about one-third of U.S. greenhouse gas emissions, and Mercy Investment has asked global utility company AES how it will transition to a low-carbon future. AES announced it will not build any new coal-powered plants and will retire existing plants; purchased and implemented the world’s largest solar-plus-battery storage system; and pledged to reduce its emissions intensity 50 percent by 2022 and 70 percent by 2030.

“The impact of what we do has gotten stronger because we’re at the table at key moments,” Lindora says. “Our proxy voting is helping to change the system.”

While engagements related to climate change, extractives and water sustainability often garner the most attention, we also address issues such as sustainable food production and the impact of chemicals and technologies, which can affect water use and the water supply. By approaching corporations on several environmental issues, we are bringing change on a variety of issues that impact our planet and communities.

We’re proud of the work our ministry has done to put the Sisters of Mercy’s financial resources to work to create systemic change. We’re encouraged by the results of our first 10 years, particularly by our increased focus on environmental issues, but we realize that Mercy Investment Services and all global investors need to continue to make investments like these—and many more—to transition to a low-carbon future that will preserve our common home.

For more information or to sign up for the Mercy Investment email newsletter, visit mercyinvestmentservices.org.

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**Ramping Up**

Recognizing the need for all of us—as individuals and investors—to do more to address the growing climate crisis, Mercy Investment Services recently finalized commitments that will increase our investments directly impacting people and communities around the world to more than 10 percent of our total investment portfolio. Impact investments have long been a hallmark of the Sisters of Mercy’s investing, and we believe this level of impact investing will allow us to further the Sisters of Mercy’s continued desire to serve those most in need.

The 10 percent level includes equity and bond holdings dedicated to benefiting environmental or social outcomes and concessionary and market-rate impact investments; this is in addition to Mercy’s significant activities in shareholder engagement; proxy voting; negative screens; and environmental, social and governance investing that also positively impact people and the planet. We see this as the first of many milestones in our continued commitment to supporting investments that positively impact people and planet and further our mission to be a leading socially responsible investor.

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_SIMA is projected to impact 1.25 million lives through access to clean energy and the prevention of 4 million tons of CO₂ emissions per year in South Asia._

_Cypress Creek Renewables is one of the largest and fastest-growing solar farm providers in the United States._