



CHRISTIAN

MERCY INVESTMENT SERVICES

Mercy Investment Services is the combined investment program of the Sisters of Mercy of the Americas (USA, Central and South America, Philippines, Jamaica and Guam) and 45 of their sponsored ministries. Mercy Investment Services does not disclose assets under management; however, its investment program includes a global equity pool, three fixed income pools and three alternative investment pools. In addition, as part of its asset allocation, 2% of funds are invested in its impact investing program, Mercy Partnership Fund, which supports underserved communities globally and expects a less than market-rate return.

Exclusions from investment

Mercy Investment Services excludes the producers of the following products based on specific revenue thresholds:

- Abortifacient drugs or devices;
- Nuclear, chemical, biological weapons and firearms;
- Tobacco;
- Thermal coal and oil sands;
- Embryonic stem cell research;
- Pornography;
- Derivative investments in food commodities.

Positive screens

Mercy Investment Services also has established a set of positive screens that managers incorporate into investment selection:

- Advancement of women and underrepresented populations;
- Board diversity;
- Just employment practices and vendor standards;
- Effective environmental policies to promote sustainability of life, especially water;
- Protection of human rights;
- Promotion of non-violence.

Impact Investing

For more than 20 years, the Sisters of Mercy have focused a portion of their investments in global community investments, which expect a less than market-rate return, in affordable housing, community facilities, environment/energy, global health, job creation, small business/co-op growth, sustainable agriculture, and women. Mercy Partnership Fund currently has 57 investments in 30 countries.

In addition, Mercy Investment Services currently holds approximately 2% of its portfolio in its market-rate alternative fund, which invests in projects in various social and environmental impact areas. In just the fourth year of this fund, the market rate allocation is expected to grow to approximately 4% of the total portfolio in the next several years. This allocation includes the Environmental Solutions Fund, which has funded global projects for expanding renewable energy, energy and water efficiency, sustainable agriculture, green buildings, and materials recycling.

Finally, Mercy Investment Services views its total portfolio as activated toward impact, and engages 145 companies owned in its global equity pool on a broad range of environmental, social and governance issues, including the SDGs. Focus areas of engagement include: human rights, human trafficking, access to affordable health care globally, environmental sustainability (climate change/water) and responsible governance practices such as lobbying and political expenditures and board diversity.

The principles behind the investment strategy

As a Roman Catholic organization, Mercy Investment Services is guided by the teachings of the Roman Catholic Church, including writings such as *Laudato Si* and its call for ecological conversion and to assist those persons in poverty with access to basic resources, clean energy supply, etc.

Mercy Investment Services is also guided by the Direction Statement and Critical Concerns of the Sisters of Mercy: inspired by the life of Jesus and by their founder, Catherine McAuley, the Sisters of Mercy envision a just world for people who are poor, sick and uneducated. The Sisters of Mercy are women of faith who commit their lives to God and their resources to serve, advocate and pray for those in need around the world. They focus their efforts on Critical Concerns, which the Sisters recently reaffirmed in the following statement:

Grateful for the many people of all nations and races and religions who continue to seek justice and to love their neighbours, we choose to recommit ourselves to:

- grow in the practices of nonviolence and peace-making;
- honour our own internationality and the dignity and worth of all persons;
- seek interracial understanding and equality;
- care for Earth, attending to the issues of climate change, the human right to clean water, and the dangers of extractive industries;
- always respecting the dignity of each person;
- serve and advocate with and for persons who are impoverished or marginalized;
- accompany immigrants, refugees and victims of human trafficking in their quest for safety, freedom, and a better life; and
- defend the lives, dignity, and equality of women.

The Future

Mercy Partnership Fund recently refined its impact focus areas to invest in organizations, funds and projects that align with one or more of its impact objectives and anticipates increasing its investments globally:

- Reduce economic poverty for individuals and their communities, within the USA and globally, especially those underserved by traditional sources of capital
- Support economic, health, and educational opportunities for women, children, immigrants, refugees, and people of colour
- Protect the environment to ensure current and future generations globally have access to:
 - *Clean water and sanitation*
 - *Affordable and clean energy*
 - *Sustainable agriculture and food systems*
 - *Sustainable fisheries and aquaculture*

Mercy Investment Services has developed impact measurement systems for Mercy Partnership Fund and its shareholder advocacy program that will track their impact effectiveness based, in part, on alignment with applicable SDGs.

Mercy Investment Services is also committed to identifying additional projects in the Environmental Solutions Fund and the market rate alternatives pool impact fund to meet its social and environmental impact criteria that align with applicable SDGs.