

## ICCR MEMBER PROFILES



# Mercy Investment Services

Investment Arm of the Sisters of Mercy of the Americas



In each issue of *The Corporate Examiner*, we profile an ICCR member organization and their work in corporate social responsibility. Below, we spoke with Susan Makos, Sr. Valerie Heinonen and Pat Zerega of Mercy Investment Services.

*Can you tell us a bit about Mercy Investment Services' mission and how it is advanced through your work with other ICCR members?*

**Susan Makos:** Mercy Investment Services, formed in 2010, is the asset management program which oversees the investments of the Sisters of Mercy of the Americas and their ministries. The mission of Mercy Investment Services, Inc. is to enhance the financial resources of the Sisters of Mercy of the Americas through socially responsible investing. Mercy Investment Services, Inc. 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.

As a ministry of the Sisters of Mercy, Mercy Investment Services recognizes the moral imperative to work for a just and sustainable world, and embraces socially responsible investing as a means of promoting systemic change to respond to the critical needs of the time. Our socially responsible investing program incorporates a multi-faceted approach to socially responsible investing that includes corporate



Susan Makos, Director of Social Responsibility, Mercy Investment Services, and Chair of ICCR's Governing Board

engagement, proxy voting, portfolio screening and community investments.

Over the many years that the Sisters of Mercy have been involved in shareholder advocacy, we have collaborated with other organizations which share our concerns about people and planet to advance these efforts, primarily with faith based organizations and ICCR. There is no doubt that our effectiveness on improving company practices is enhanced because we join together with other like-minded organizations. This collaboration affords us the opportunity to learn from each other about issues, develop strategies to achieve

change and benefit from the multiplier effect of the "voice of one" as collaborators engaged together.

*How long has Mercy been an ICCR member and how has this work evolved over the years? Why is this relationship important to your organization?*

The Sisters of Mercy have been members of ICCR for more than 30 years, with different Sisters of Mercy organizations or through local Coalitions for Responsible Investment as members. Our efforts over the years have been to engage companies through dialogues and resolutions. While our efforts have always been driven by impact of companies on people and planet, we have focused on a broader range of sectors of companies and more complex issues. ICCR has been instrumental in supporting our efforts, through resources in staff expertise and the advocacy databases that we all share. The ability to easily communicate with other members, find information about issues of concern and convening of members and other like-minded organizations has been essential to the Sisters of Mercy achieving its mission of using our role as shareholders to achieve positive systemic change. We also collaborate with Ceres, Investor Environmental Health Network, the Center for Political Accountability among others.



Valerie Heinonen, Consultant,  
Corporate Responsibility, for Mercy  
Investment Services

*What are some of the priority issues in corporate responsibility that Mercy is pursuing? Can you speak to the strategies employed and the success of these initiatives?*

**Valerie Heinonen:** As you know, Mercy Investment Services is active in a number of areas. Our high priority areas are: Protection of Human Rights: including human trafficking and fair treatment of workers; Healthy Persons and Communities: including, in the U.S., access to healthcare and, for developing countries, access to medicines; Environmental Sustainability: including water access, food supply and climate change impact on company operations. One surprisingly successful outcome has been the adoption of human rights policies by Department of Defense contractors. Another example is the hospitality industry's adoption of policies and practices to prevent the sexual exploitation of children. And, we are working to ensure implementation and reporting on these policies. We've been able to include related concerns such as conflict minerals, trafficked and under-age employees in the supply chain, care of the environment and transparency with metrics in reporting.

*In your opinion, are companies more open and responsive to your concerns as shareholders? Are there areas where shareholder advocates are getting more traction?*

**Valerie Heinonen:** There have been changes over the years in that we are recognized as investors with serious human, environmental and governance concerns and we have useful information and questions. Because we are long-term investors, I, and I'm sure others, often engage in conversations with the CEO and Board members at the annual shareowners meetings. And, it's becoming more common for the CEO or a member of the Board to join, at least briefly, in our face-to-face and phone dialogues. We are more successful in engaging on the difficult issues e.g. operations in conflict zones such as the DR Congo, international law, bad press on mortgage servicing, high priced HIV/AIDS drugs. There is more trust between us and therefore, we are more likely to hear confidential information on a topic or problem.

*Human rights and worker rights are among the top concerns for Mercy. Can you speak to the work you are doing in this area and how ICCR advances this work? Are companies responding?*

**Pat Zerega:** Over the 40 year history of ICCR, human rights have underpinned much of the shareholder work. It has a broad stroke in the issues encompassed including fair treatment of workers, civil rights, safe work places, providing living wages, indigenous issues and community impacts to name a few. For years this work at Mercy and at ICCR was framed by the Universal Declaration of Human Rights and the ILO conventions. Corporations were addressed concerning "maquiladoras" and the growth of industry at the Mexican border with the US. At other times issues

concerning sweatshops and impact on indigenous cultures have been the focus.

Recently the *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* as presented by Professor John Ruggie and endorsed by the UN Human Rights Council has provided a framework to engage corporations.

This calls for corporations to implement a human right policy and to conduct human rights due diligence to identify, manage and assess how they deal with human rights issues and gives specific guidance to corporations. The Guiding Principles had broad corporate input and it appears that corporations are willing to look at their internal policies and respond to these queries. As more companies respond to this we will see some best practices emerging. Mercy Investment Services, like many ICCR members, has members working on the ground in many of these remote areas where corporations operate. This means we can respond with specific timely concerns raised by those most impacted by the policies. ■



Pat Zerega, SRI Consultant for Mercy  
Investment Services