

## Impact Investing: Investments That Promote the Common Good

*Editor's Note: As a complement to the feature article by Dan DiLeo on Pope Francis' recent encyclical, we invited several individuals from within or associated with the ministry to reflect on the encyclical and some of its implications for Catholic health care, along with examples of what the contributors' organizations are doing by way of ecological initiatives. Their reflections follow.*

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“Interdependence obliges us to think of *one world with a common plan*.”  
 (Pope Francis, *Laudato Si'*, 164)

Pope Francis's encyclical *Laudato Si'* gives welcome support for many of us who see the earth in crisis “because of the harm we have inflicted on her by our irresponsible use and abuse of the goods with which God has endowed her” (2). In 2011 the Franciscan Sisters of Mary (FSM) assumed a focus of compassionate care of creation in collaboration with others—though, like many others, our congregation had been involved with ecological and justice issues long before.

For many years the FSM, like most religious congregations, have engaged in socially responsible investing—avoiding investment in companies or organizations that fail to conform to our Catholic and Franciscan values.

We have also been involved in shareholder advocacy—using our investments to effect

changes in corporations by our shareholder vote. Through our presence on boards, filing shareholder resolutions and voting proxies, we have raised concern about clean water rights, recycling, genetically modified foods, and the cleanup of regional landfills, among other issues.

But we wondered whether we could find more direct and effective ways to actually *further* our mission and focus. We began exploring new strategies for investment.

What we discovered was a cutting-edge approach to investing called impact investing or mission-related investing, defined as investments “designed to generate a positive social or environmental impact in addition to providing a financial return.” Like Pope Francis, these investors, entrepreneurs, and social impact

leaders believe we need an inclusive and socially responsible economy to deal with the difficult challenges our world is facing—to bring about social and environmental change.

In 2012 the Franciscan Sisters of Mary began integrating mission-driven (impact) investment into our investment program. To date, the FSM have allocated \$10 million to funds, enterprises and projects that have environmental and social impact as well as bring in financial returns. So far, we have invested \$6.54 million in enterprises focused on clean and renewable energy, energy efficiency, greenhouse gas reduction, sustainable forestry, livelihoods and job quality, waste-to value efforts, water recycling, and sustainable agriculture.

An example: We are investing in M-KOPA Solar, a Kenya-based company that provides low-cost solar energy systems for East African families with no access to the electrical grid. Besides cooking and heating, the system allows families to charge cell phones and to generate light to read and study at night. They no longer depend on kerosene and other fossil fuels, making homes safer and reducing air pollution. The company is also expanding. Since October 2012, they have provided more than 200,000 customers with the product and created jobs for more than 650 people and 1,000 sales agents. M-KOPA is having a terrific environmental and social impact.

One need not go across the world to find impact investment opportunities—many entrepreneurs throughout the U. S. are

involved in sustainability, renewable energy, recycling, etc. Impact investing can be a great way to invest in the communities one serves, both at home and abroad.

Furthermore, one doesn't have to try to scope out impact investing on one's own. Impact investing is complicated, and hiring expert advisors to help chart a course makes good business sense. After some research on the part of our chief financial officer, the FSM engaged Imprint Capital of San Francisco to guide our venture into impact investing. Imprint helps us develop an investment strategy, construct a portfolio, and monitor the financial and mission performance of those investments. One can find other investment advisory firms that specialize in impact investing.

Once one finds a solid impact investment firm to guide one's portfolio, one needs to determine how much of total investment capital is to be devoted to impact investing.

The FSM actually went one step further. By the end of 2014, we had fully divested from fossil fuel producers, especially the "Filthy Fifteen," joining a growing number of mission-driven institutions turning away from fossil fuels and investing in climate change solutions. This action freed up capital to use for impact investing.

Throughout *Laudato Si'*, Pope Francis urgently calls us to concern for the common good and the need to take responsibility for our environment and for

those in our society who are powerless and marginalized.

Impact investing provides an excellent, cutting-edge way for faith-based organizations and institutions—like Catholic health care organizations—to focus their investments in ways that actually further the values and goals they hold dear.