



Heartland

CAPITAL STRATEGIES

Mobilizing Workers' Capital for a Sustainable World



2022 IMPACT REPORT

www.heartland.org



MESSAGE FROM TOM

The Heartland Capital Network was co-founded in 1995 by Leo Gerard of the Steelworkers and the late, great Richard Trumka of the AFL-CIO to rebuild America by sustainably investing workers' capital in a way that values and supports working families. In words – including legislative testimony, books, chapters, and articles, road shows and reports – and deeds – led by our Network capital stewards who are the most accomplished in their respective investment fields – we envisioned a more sustainable, prosperous future for working families and our children. Over this time, Heartland has convened a unique “table” comprised of the original “responsible investment (RI) aviators,” including pension leaders, investment consultants, asset managers, mayors and treasurers, labor leaders, academic and policy advocates. We want to express our deepest gratitude to our many partner, sponsors, and hosts who have stuck with us during the last three difficult years of pandemic and war, which have been extremely tough for working families.

**Our mission: Mobilize responsible investments in the real economy,
achieving competitive financial returns and sustainable jobs impacts.**

Along with many allies, including the SVA, Heartland's admin home, Heartland has fought for nearly three decades to win sustainable industrial and finance policies. The Heartland Network's partners have done their part over this span, making transformational investments that restored many of our key industries or revitalized entire communities, saving or creating hundreds of thousands of good jobs.

We're thrilled to report that in the past two years, many of our long-fought public policy measures came to fruition, winning major new national economic policy changes. America has, finally, come to realize the importance of a sustainable industrial and finance policy – saving and re-tooling critical factories and committing to a productive, clean economy, and responsibly stewarding our retirement and anchor institutional assets.

Over this time, Heartland has launched an amazing educational fellowship for young people, published said books, shaped pension and federal investment policies, built a knowledge base of responsible capital practices, and developed an international collaborative network of informed, like-minded people and groups. It has become a “family” of sorts. Through our proudest signature project, the Heartland Labor-Capital Strategies (LCS) Fellowship, we have now graduated 64 remarkable fellows. In partnership with the GU Kalmanovitz Initiative for Labor and the Working Poor (KI), the Fellowship is shaping a more inclusive career path for students from over two dozen universities.

We celebrate this exciting growth with you, and we are proud of the impactful investments that Network Partners made happen during 2022 and the last three difficult years, focused on rebuilding cities, renewing industries, and growing the clean economy . That's re- shaping the future! Responsibly!

EDUCATION

Heartland-Georgetown Fellowship

The Heartland-Georgetown LCS Fellowship offers undergrad, grad, and law students an immersive introduction to the dynamic juncture of finance and labor. The LCS Fellowship has graduated 64 Fellows to date! After 3 semesters in 2021, mostly remote, the Fellowship held 2 hybrid classes in 2022, graduating 3 fellows in the Spring with another 11 this past summer.

Launched in 2017 by Heartland and GU's Kalmanovitz Initiative for Labor and the Working Poor (KI-GU), the program's mission has not changed: to educate a diverse new generation of capital stewards. Coming from two dozen universities, the Fellows have been placed with large-impact investors, unions, and progressive policy shops. This year, we welcomed the Steelworkers as a new host!

We're now providing ongoing career support to the fellows and looking forward to convening an alumni association; after all, so many alumni have credited the Fellowship as having a significant influence on them. And, they are rising in their careers; one was permanently hired by Hamilton Lane, another landed a post at the White House! Several have been published!

Click below for our Summer 2022 cohort highlights video



EDUCATION

Heartland-Georgetown Fellowship

Fellowship Enrichment:

In 2022, we continued our virtual Fellowship Huddles, where we invite professionals from across the Heartland Family to discuss their industry and personal career paths with our young people. Every year our feedback reports that the huddles are one of the Fellows' favorite experiences.

We want to thank our 2022 guests for being so generous with their time:

- Sue Crotty Senior Vice President, Chief Investment Officer at Segal Marco
- Chang Suh, CFA, Chief Executive Officer and Chief Investment Officer at the AFL-CIO Housing Investment Trust
- Lynne P. Fox, ESQ, (pictured right) International President, Workers United; Board Chair, Amalgamated Bank
- Seth Almaliah, Senior Vice President at Segal Marco
- Edward Smith, President and CEO of Ullico Inc



Fellowship field trip to the Capital!

For the end of the summer Fellowship Field Trip, the Fellows visited the White House, met union corporate governance leaders at the AFL-CIO, and were treated to a terrific "Closing Reception" by Chang Suh and his colleagues at the AFL-CIO Housing Investment Trust (HIT) at the Fairmont Hotel in D.C. We want to thank everyone who helped make this event happen!



Fellowship Alum Luke Caruso: "The field trip's final event was a reflection and celebration of both our hard work together as Fellows and the work left for us to do in our future endeavors."

THOUGHT LEADERSHIP

Responsible Investment Policy

Regulations

In a major policy win, the Biden-Walsh Department of Labor (DOL) released on November 22, 2022 a final ESG rule reassures retirement plan advisers that they can utilize sustainable investing without running afoul of federal law. The DOL rule allows – but does not require – plan fiduciaries to consider climate change and environmental, social and governance factors in selecting investments. This overturns a DOL 2020 rule that had a chilling effect.

Heartland had a significant role in the win, as we contributed to a comment letter with US Congressman Andy Levin and 25 colleagues that urged the Biden DOL to “fix” and modernize the ETI-ESG rule. Our more recent “Open Letter to the Biden-Harris Administration” urged the Department to accelerate the final rule, pushed strengthening the “S” and good union jobs in ESG, and to “hold the line” on ESG-ETIs.

Biden DOE Funding Briefing

Meanwhile, on November 10, Heartland arranged for a general briefing from the U.S. Department of Energy (DOE) on the historic Inflation Reduction Act (IRA), the Bipartisan Infrastructure Bill (BIL), and all the new available clean energy, manufacturing, and EV transit opportunities. Led by a Senior Advisor to the DOE Secretary, the briefing included 10 DOE reps. Heartland’s Federal Funding Policy wrangling has blossomed, as we’ve become a valued liaison to the White House and Administration to lever the hundreds of \$billions in clean economy funding.

ESG Backlash

And, in a tri-partite manner, Heartland has joined distinguished investment and policy allies, such as the PRI and Morningstar-Sustainalytics, in responding to the ESG political backlash. Our Communications, Policy and Education Committee members held several briefings on this topic.

Policy Links

Heartland continued to participate in responsible investment policy collaborations, including as a PRI Network Supporter, a member of the Council of Institutional Investors (CII), and others.



Click on the video image to see Congressman Andy Levin's special message to Heartland's Governing Board, shared during our April '22 meeting.

THOUGHT LEADERSHIP

Heartland Capital Col(labor)atory

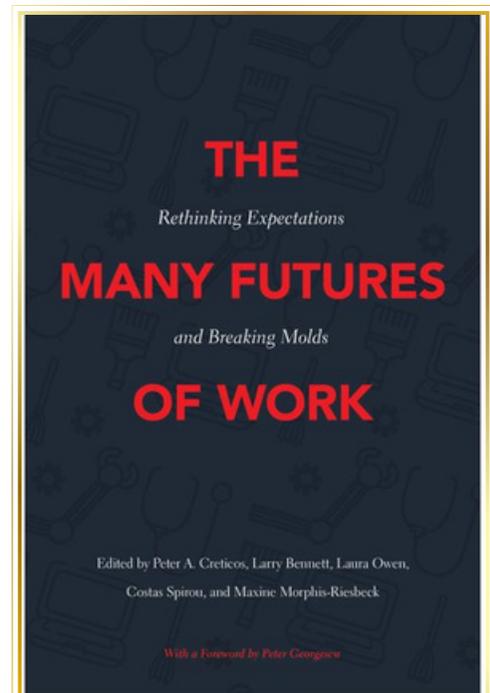
In 2020, the Heartland Network convened a distinguished group of pension consultants, asset managers, labor and policy leaders to launch a new research consultation on private asset monitoring. Since then, Debbie, with Steve's help, designed a survey to test the strength of the "S" in ESG. After a Beta test to gauge interest, we partnered with Segal Marco Consulting (SM) and sent a revised survey to selected managers who invest in real estate, infrastructure, private equity and private debt. We received a 20% response. Results showed that asset managers are increasingly concerned about workers and worker voice. We aim to pitch this tool for pension fund managers and trustees and consultants to steer investments to those private asset managers who deliver competitive risk adjusted returns while scoring highly on job creation/retention, job quality and worker voice.

Heartland Book Chapters

Heartland's Thought Leadership continues apace, as we've co-authored two book chapters in the last two years.

In October 2021, Managing Director Tom Croft and Annie Malhotra co-authored a new Heartland book chapter entitled "Commonwealth Companies: A Path to Restore Workers' Rights and Economic Democracy." which laid out five paths toward an American "co- determination" model to provide worker voice in corporate governance. It was published by Temple University Press in a compilation called *The Many Futures of Work*.

We're proud to announce a fourth Heartland book chapter co-authored by Tom Croft in a new co-edited book to be published by The Institute of Engineering and Technology on how public private partnerships can drive city growth and prosperity. The book will focus on how partnerships are helping cities to understand and address urban challenges, spanning across physical, social and digital infrastructure. Our chapter will focus on how the leadership of Pittsburgh designed and uplifted the Marshall Plan for Middle America (MP4MA), which Heartland contributed to. Our chapter showcases the labor-friendly investment successes of a number of Network partners.



BROADCASTING

Presentations & Expressos

Heartland has built a knowledge base of responsible investment policies and practices, and promoted our "Community of Practice" spurred on by our Responsible Investor Handbook (Routledge, 2016) and 3 other books, chapters, articles, 6 RI Mini-books, and earned and social media. In 2022, with Kristen Estell steering, we published 28 Thursday Expresso and DoubleShot newsletters and blog posts.

Heartland continued to make presentations to conferences, including:

National State Treasurers' Meeting in NYC

Tom spoke about the Heartland Network on a panel on responsible alternative pension investments at a forum of progressive State Treasurers in NYC in April, hosted For the Long Run. The Treasurers control approximately \$2 trillion in workers' retirement savings and other assets.

Penn State Sustainability Days

Tom spoke about Heartland as part of a panel on the Marshall Plan for Middle America (MP4MA) at an event hosted by the Penn State Sustainability Institute. [An introduction to The Appalachian Sustainable Finance Hub](#), written by Tom, was published by Route 50 as part of a series of articles with our partner, Reimagine Appalachia.

We completed and posted an Espresso rewards system on the Heartland Web Site, completed the final database for an accessible web portal of Finance Hub partners; that will go up on our website soon. We will bring to fruition an "inside" monthly newsletter.

Capitalizing Change: Appalachia's Sustainable Finance Hub



Solar panels at dusk. Solar power projects are one of the areas where advocates see opportunities for new energy investment in Appalachia. JUSTIN PABET/VIA GETTY IMAGES

By Tom Croft,
Managing Director,
Heartland Capital
Strategies

SEPTEMBER 20, 2022

COMMENTARY | There's a growing effort to change the way investments are made in the region and to ensure that local communities share in more of the benefits.



Thursday Expresso

FIELD WORK

Sustainable Finance Hub

Heartland’s Sustainable Finance Hub (Hub) project is a pilot planning project to mobilize sustainable capital, facilitate the exchange of best practices, and foster city, state, and public-private procurement partnerships in distressed regions and to assist working families who have been left behind. Our initial target region is a five-state region of Northern-Central Appalachia.

The Hub was fashioned after the German Hub for Sustainable Finance, which recognized that former coal and deindustrialized communities have fallen behind in terms of available green capital. With the help of several Heartland partners, we are seeking matching support from the Appalachian Regional Commission (ARC) to scope, develop, and finance the transformational projects laid out in the MP4MA Roadmap to implement a resilient people-driven new economy.

The Appalachian Hub, our first, is a collaboration between the Marshall Plan for Middle America (MP4), Reimagine Appalachia, NECA-IBEW Project Development Platform (PDP), Penn State’s Sustainability Institute, several unions, and pro-worker development partners. It was initially funded by the Heinz Endowments.

A corollary objective is to help cities and anchors adopt responsible project labor agreements and cities and endowments to adopt responsible pension policies.



FIELD WORK

Sustainable Finance Hub

On September 22, 2022, the Heartland Network showcased a long-term plan to revitalize the “Appalachian Heartland” at the Clean Energy Action Forum (GCEAF), commissioned by the U.S. Department of Energy (DOE). As part of the Marshall Plan for Middle America (MP4MA) Coalition, Heartland welcomed the GCEAF to the “Paris of Appalachia.”

The GCEAF aimed to accelerate clean energy innovation and catalyze deployment for the global energy transition. The three-day event drew 7,000 participants from 31 countries and featured hundreds of breakthrough energy and science events.



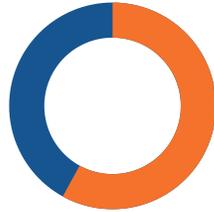
Heartland hosted an important side event focused on “Appalachia’s Sustainable Finance Hub.” Our panel, one of 100 chosen out of 600 candidates, focused on reimagining Appalachia as a driver of renewable energy, electric transportation, and as a global leader in the pivot to a clean manufacturing.

David Wilhelm, CEO of Hecate Energy Global, and Heartland Governing Board member (pictured below, right), delivered a terrific, heartfelt presentation that keyed in on his long-term campaign to build a solar manufacturing platform in Appalachia.

Joining David was Amanda Woodrum, Senior Researcher, Policy Matters Ohio, (pictured right) and Co-chair of Reimagine Appalachia (RA); Oliver Kroner, Interim Director of the Office of Environment & Sustainability at City of Cincinnati; and Ed Hill, Jr., International Representative, IBEW.

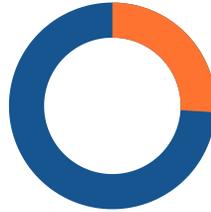


HOW HEARTLAND SPENDS YOUR SPONSORSHIP DOLLARS



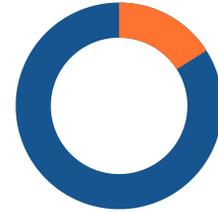
58%

Covers expenses related to the Fellowship Program



26%

Administration of the overall Heartland Program



16%

Heartland initiatives, travel, websites, conferences

COMMIT NOW

The Heartland Network is asking for your assistance in growing our capacity, particularly for the Heartland-Georgetown Labor-Capital Strategies (LCS) Fellowship which has become a national gem in nurturing a new diverse generation of capital stewards.

If you are a current Heartland Partner, please consider increasing your patronage for 2023. Select an amount below, return this form to Heartland (heartland@steelvalley.org) and an invoice will be sent for payment.

Advocate \$5,000 Proponent \$10,000 Champion \$20,000

Aviator \$30,000

\$ _____

Company/Organization: _____

Contact Person for Invoice: _____



Complete your commitment online using the QR code or visiting www.heartlandnetwork.org/heartland-commitment

2021-2022 Heartland Network Partners

- AFL-CIO
- AFL-CIO Housing Investment Trust
- AFL-CIO Investment Trust Corporation (ITC)
- Amalgamated Bank
- Atlas Holdings
- Alan Biller and Associates
- Blitzstein Consulting
- Blue Wolf Capital Partners
- California's Governor's Office
- Center for American Progress (CAP)



Jennifer O'Dell, LiUNA Corporate Affairs Asst. Director and LCS Fellowship Board Member joined the Fellows for part of the DC field trip.

- Change-to-Win Unions
- CORPaTH
- ERECT Funds
- GCM Grosvenor Holdings
- Hamilton Lane
- Healthy Markets
- Hecate Energy
- KPS Capital Partners

Mez Araya, Legislative Assistant to former Rep. Andy Levin, addressed the Heartland Governing board at its April meeting. Also pictured: HCS Governing Board Member, Megan Milne, Hamilton Lane Principal.



Joe Enright, GCM Grosvenor Sr VP, and Governing Board Member speaking at its April Annual Meeting



- LiUNA (Laborers)
- Meketa Capital Group
- National American Building Trades Unions (NABTU)
- National Electrical Benefits Fund (NEBF)
- National Institute on Retirement Security (NIRS)
- Pension Investment Research Center (PIRC), London
- David Pollak
- Bob Samuel
- Segal Marco Consultants
- Sleigh Strategy LLC
- SRI Group
- Stellex Capital
- Stuart Portfolio Consultants
- Teamsters Union
- ULLICO Investment Advisors
- United Steelworkers (USW)
- Members of US Congress

