



THE U.S.
IMPACT INVESTING
ALLIANCE

The Year in Review: 2022 Highlights

Table of Contents

- 3** President's Letter
- 4** Mission and Theory of Change
- 5** Highlights From 2022
- 8** Overview of Alliance Regulatory Engagement
- 9** About the U.S. Impact Investing Alliance

President's Letter



Dear Colleagues,

Reflecting on the past year and indeed my entire tenure leading the U.S. Impact Investing Alliance, I am struck by the pace with which the impact investing field has achieved milestone after milestone.

In 2022, the field surpassed \$1 trillion in invested assets. Global regulators and standard setters made considerable strides on mandated corporate sustainability disclosures – a key step toward impact transparency across the capital markets. Core concepts like dynamic materiality, systemic risk and stakeholder accountability were explored with rigor and interest. With each passing year, the principles of impact investing are further embedded across the mainstream financial system, and 2022 was no exception.

Undeniably, the progress made in the past year has not been without its challenges. A campaign seeking to politicize well-known strategies within our field, such as environmental, social and governance (ESG) investing, has continued to gain steam. In turn, the Alliance has worked

in coalition with other investor and business organizations to push back against these harmful trends and reclaim the narratives surrounding our work. Fortunately, objectives around transparency, accountability and equity resonate broadly. It is around these core pillars that we must continue to rally as a field.

For the Alliance, the developments of the past year have emphasized the importance of impact investing as a tool for driving systems change. In an increasingly uncertain economic and political landscape, impact investors must consider their role in manifesting a more equitable economy for all so that workers, small business owners and communities can thrive. This means meeting systemic challenges with systemic solutions, correcting for where our practices mirror the inequities of the broader financial system, and implementing strategies to share and shift power across stakeholder groups.

Five years ago, with the launch of the Alliance, we boldly declared the future of investing to be impact investing. I would argue that such a future is upon us. Looking ahead, we must capitalize meaningfully on the field's growth and evolution thus far to seed true transformation in the years to come. We look forward to working in partnership with the many dedicated field leaders, advocates and investors to do so.

Best,

Fran Seegull

President

U.S. Impact Investing Alliance

Mission

The Alliance seeks to catalyze a movement that will transform finance by putting measurable **social, economic** and **environmental impact**, alongside risk and financial return, at the core of every investment decision.

Three Strategic Pillars

①

Advocate

Promote an Enabling Policy Environment

②

Catalyze

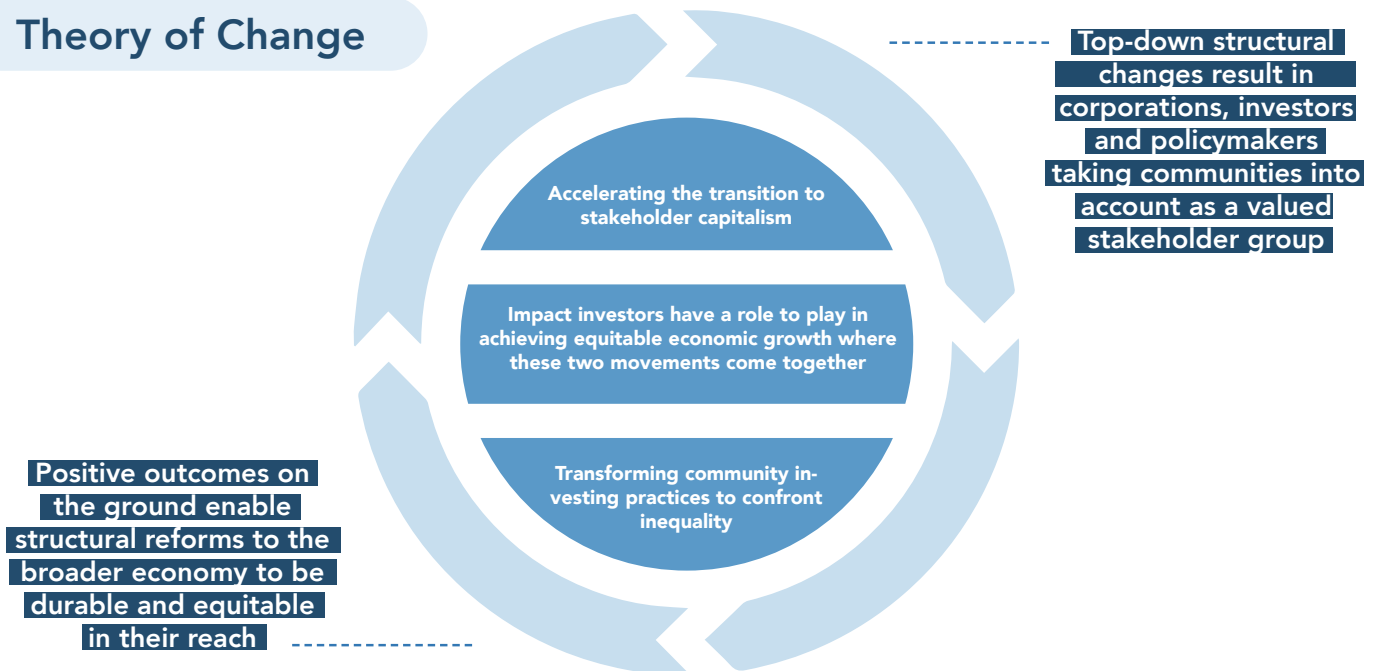
Mobilize the Supply of Impact Capital

③

Movement Build

Advance the Ecosystem of Impact Investing

Theory of Change



Highlights from 2022

There have been significant milestones across the field of impact investing throughout 2022 with considerable progress toward a reality where impact is at the center of every investment decision, the founding vision of the U.S. Impact Investing Alliance (Alliance). What follows is a recap of 2022 highlights related to the Alliance's activities to help manifest a more equitable economic system. Thank you to our partners and supporters for making this work possible.

Building Momentum for a Growing Disclosure Agenda

Throughout 2022, the Alliance raised its voice in support of several major public policy developments relevant to the evolution of the field and its ability to continue to scale with impact integrity. For a comprehensive look at the regulatory developments on which the Alliance engaged, please refer to the table on page 8.

As one example, the Alliance has long called for increased transparency across the capital markets to equip investors with high-quality, decision-useful information. In 2022, there were remarkable advancements in this respect, including proposals in the United States and globally for mandated, standardized sustainability disclosures for corporations and asset managers.

Recognizing this once-in-a-generation opportunity to bring transparency and accountability to the capital markets and further cement impact investing principles into mainstream finance, the Alliance helped coordinate support for these efforts across investor and business groups, field advocates, philanthropies and academia.

Specifically, the Alliance advocated for the Securities and Exchange Commission (SEC) to advance corporate human capital management (HCM) disclosure requirements – which can include factors such as a company's workforce composition, compensation, health and safety, and diversity and inclusion practices. The Alliance gathered support for this critical investor priority, organizing a sign-on of nearly 50 business, investor and philanthropic institutions to SEC Chair Gary Gensler.¹

Notably, Fran Seegull, President of the Alliance, testified at a hearing before the House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets, emphasizing the importance of standardized HCM and diversity disclosures for investor decision-making.²

1. U.S. Impact Investing Alliance and B Lab on behalf of 47 organizations, [Letter to SEC Chair Gary Gensler on Human Capital Management Disclosures](#), June 2022.

2. U.S. Impact Investing Alliance, ["U.S. Impact Investing Alliance Testifies Before House Subcommittee on Corporate Human Capital Management Disclosures,"](#) December 2022.

Activating Field Partners for Critical Policy Priorities

Building on a successful launch in 2021, the Alliance and B Lab have continued to co-lead the Coalition on Inclusive Economic Growth (Coalition), a group of over 60 impact-oriented investor and business organizations committed to advancing public and private sector solutions to help manifest a more equitable economy that works for all.

In 2022, the Coalition’s vision for the role of businesses and investors in inclusive economic growth was validated by the significant movement across its policy docket, organized around two major movements – transforming community investing and advancing stakeholder capitalism.³ For example, federal banking regulators proposed the most comprehensive joint reform effort for the Community Reinvestment Act (CRA) in nearly 30 years, which is a bedrock community investing policy that underlies the place-based work of impact investors. In response, the Alliance and B Lab organized Coalition members in support of reform efforts with a joint letter encouraging a final rule that more directly addresses racial disparities in access to credit and financial services.⁴

Launch of New Research on Toolkit for Impact by Foundations

The major events of 2020 – the COVID-19 pandemic, ensuing economic crisis and nation’s racial reckoning – sparked a rethinking of the role of institutions in supporting the public good. Inspired by this shift, the Alliance released “Impact in the Balance: Leveraging Foundation Assets for Mission,” a report examining how foundations can leverage their balance sheets for impact in creative ways.⁵ The Alliance celebrated the launch of the report by co-hosting a webinar with Mission Investors Exchange (MIE) to highlight its practical recommendations for foundation staff seeking to deepen existing mission related investing (MRI) and program related investing (PRI) strategies and utilize emerging tools, such as social bonds and guarantees, alongside traditional grantmaking.



Alliance launches “Impact in the Balance” report



Alliance co-hosts webinar with Mission Investors Exchange

Thought Leadership and Notable Events

Through the Policy Corner, a partnership with ImpactAlpha originally launched in 2021, the Alliance seeks to promote the central role public policy plays in advancing the field of impact investing. Throughout 2022, the Alliance authored and sourced 12 op-eds,

3. Subset of the Coalition on Inclusive Economic Growth, “An Inclusive Economic Growth Policy Agenda,” March 2022.

4. Members of the Coalition on Inclusive Economic Growth, [Public Comments](#) to the Federal Reserve System, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency re FDIC RIN 3064-AF81, Federal Reserve Board Docket No. R-1769 and RIN 7100-AG29, OCC-2022-0002-0001, August 2022.

5. U.S. Impact Investing Alliance, “Impact in the Balance: Leveraging Foundation Assets for Mission,” September 2022.

including content from seven contributors, covering timely and pressing developments, such as the importance of centering equity in the implementation of major government programs, opportunities for public-private partnership and various other policy priorities for impact investors. The Alliance also co-hosted a Policy Corner webinar with ImpactAlpha on the topic of corporate sustainability disclosures, which featured subject matter experts, including former SEC staff and a representative of the Human Capital Management Coalition, to help inform the impact investing community on their role as advocates for these policy developments.⁶



Alliance hosts ImpactAlpha Policy Corner webinar

While the Alliance continued to utilize virtual opportunities to engage with partners across the field, 2022 marked an exciting return to some in-person and hybrid events, including the following:

- In recognition of New York City's Climate Week, the Alliance co-hosted an event with our partners at the Federal Reserve Bank of New York, ImpactAssets and Uplink (the open innovation platform of the World Economic Forum) on centering communities in impact investing climate solutions.⁷
- Fran Seegull moderated and participated in discussions at the Responsible Investor USA Conference on the growth of impact investing and the future of fiduciary duty.
- Seegull also delivered the closing keynote speech at Phenix Impact Summit America, during which she spoke about the role of investors in addressing inequality as a systemic risk.



Seegull moderates Climate Week panel at Federal Reserve Bank of New York



Seegull delivers keynote address at Phenix Capital's Impact Summit America

6. ImpactAlpha Policy Corner, "Call No. 38: Inside the generational opportunity to reshape the rules of corporate disclosure," February 2022.

7. Federal Reserve Bank of New York in Partnership with ImpactAssets, the U.S. Impact Investing Alliance and Uplink, "Climate Investing Toward Healthy, Inclusive Neighborhoods," September 2022..

Alliance Policy Engagements

There were a number of pressing regulatory developments in 2022. Below is a comprehensive look at the Alliance's engagement across our various policy priorities.

Policy Development, Agency, Date Published	Summary	Alliance Perspective and Engagement
Mitigating Climate-Related Risks for Retirement Savers, Department of Labor, February 2022	Requesting input on leveraging DOL authorities to manage for climate-related financial risk.	Emphasized need for cross-agency approach to mitigating climate-related financial risks.
U.S. Climate Disclosure, SEC, March 2022	Enhanced disclosure requirements for public companies on climate-related risks and impacts.	Emphasized the importance of Scope 3 inclusion and encouraged the SEC to further align with parallel global efforts.
General Sustainability Disclosure & Climate-Related Disclosure, ISSB, March 2022	Standards frameworks on general sustainability disclosures and climate-related disclosures that would apply to over 140 jurisdictions.	Applauded the meaningful progress toward reaching a global baseline for consistent sustainability reporting .
European Union Sustainability Disclosure, EFRAG, April 2022	Sustainability disclosures for EU market actors based on double materiality (impact and financial).	Communicated importance of U.S. economic competitiveness given significant global progress.
Community Reinvestment Act (CRA) Reform, FDIC, OCC and Federal Reserve, May 2022	First comprehensive joint reform effort by federal banking regulators in nearly 30 years to modernize the CRA.	Applauded increased rigor of CRA exams , improved data collection and support for CDFIs and MDIs. Advocated for race-conscious framework.
ESG Disclosures for Investment Advisers and Investment Companies & Amendment to the Fund "Names Rule," SEC, May 2022	Pair of proposed rules clarifying marketing and disclosure requirements for ESG funds and asset managers to prevent greenwashing.	Commended the SEC's objectives to combat greenwashing, while encouraging the Commission to better refine the categorization of ESG funds to align with longstanding impact investing definitions.
Amendments to Rule 14a-8, SEC, July 2022	Clarifies bases for shareholder proposals to be excluded from a company's proxy statement.	Expressed support for the proposal and urged the SEC to pay special attention to ensuring objective consideration of shareholder proposals related to systemic risk topics.
Interagency Community Investment Committee (ICIC) RFI, Department of Treasury, October 2022	Newly formed cross agency initiative to improve the impact of federal community investment programs.	Offered best practices and lessons learned from existing community investing policies that leverage public, private and philanthropic investments.
Human Capital Management (HCM) Disclosure, SEC, Anticipated 2023	Delayed rulemaking expected to require corporate disclosures on workforce practices like compensation, retention trends, health and safety, and diversity.	Convened SEC Chair's staff with institutional investor group and organized joint letter to agency on behalf of Coalition on Inclusive Economic Growth.

About the U.S. Impact Investing Alliance

The Alliance is an organization committed to catalyzing the growth of impact investing in the United States. We define impact investing broadly to include those investments that create financial returns alongside measurable and positive social, economic or environmental impacts across asset classes. Members of our boards and councils include institutional investors and high-net-worth individuals collectively owning hundreds of billions of dollars of invested assets, in addition to asset and fund managers collectively managing over one trillion dollars in assets.

To learn more about the Alliance, visit <http://impinvalliance.org>.