THE U.S. IMPACT INVESTING ALLIANCE

IMPACT AT WORK

An Examination of Corporate Impact Investing Strategies and Their Durability

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EXECUTIVE SUMMARY

The crises of 2020 catalyzed a widespread reconsideration of the ideal role of major institutions in supporting their stakeholders and the broader public good. The devastating impacts of the COVID-19 pandemic – compounded by significant economic uncertainty, the climate crisis and a spotlight on racial injustice – led many governments, philanthropies and companies to reconsider their accountability to workers, communities, the physical environment and society as a whole.

For many corporations, this manifested in bold commitments to invest in racial equity, community economic development and climate initiatives. What sets the response to the recent crises apart is the widespread uptake of impact investing in addition to more traditional grantmaking tools, the capital sources leveraged, the volume of activity and the level of public pressure and attention.

The goal of *Impact at Work* is to examine corporate impact investing, or the leveraging of a corporate's balance sheet or investment capital to advance positive social, economic and environmental outcomes alongside financial considerations.

The recent uptake of impact investing by corporates has been encouraging, though there have been concerns that these commitments are responsive to a moment in time and may not lead to larger, more sophisticated corporate impact investments on an ongoing basis. The report therefore interrogates the durability of corporate impact investment strategies, and particularly how they are initiated, sustained and expanded over time. For the purposes of this report, durability is generally defined as the magnitude and/or duration of the commitment and stands in contrast to one-time commitments or pledges that can be viewed as more fleeting.

Impact at Work is intended for corporates building or doubling down on impact investing strategies and for field leaders and others seeking to understand common indicators of good corporate partners and practices. It is not meant to be an exhaustive guide, but rather to capture interesting corporate initiatives launched to date and to provoke further discussion across the impact investing field. The report distills findings gathered from research and discussions with leaders across the corporate impact investing ecosystem. **The main sections of the report include:**

1. **Mapping of considerations for strategy setting.** Any corporate impact investing strategy depends on the right confluence of factors that companies must consider from inception, including impact themes, capital sources, risk-return strategies, investment motivations and company profile.

2. **Recommendations for building durable strategies.** The report highlights common best practices, opportunities and pitfalls, such as:

    - **Build champions early.** Committed corporate leadership and board support are critical to the launch and continuation of a successful impact investing strategy.
    - **Leverage existing structures.** Strategies that build on existing business lines, priorities and practices can lead to more seamless alignment, buy-in and longevity across corporate teams.
    - **Prioritize investment expertise.** Effective strategies require the right teams with the appropriate investment expertise to source, diligence and manage investments.
    - **Tie impact to strategy and/or financial return.** Durability is most apparent with impact investment strategies that generate strong financial returns and/or clearly align with strategic value for the business.
    - **Develop an accountability strategy.** Transparency, authenticity and ultimately, accountability, can drive durability and credibility. Corporates should consider how they will track and disclose their progress to stakeholders when building strategies.

{ To read the full report, visit impinvalliance.org/impact-at-work }

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