

HCS

HEARTLAND CAPITAL STRATEGIES
2017 ANNUAL REPORT



*Participants at the 2017 Heartland Summit in Pittsburgh, PA
Commissioned by The Century Foundation*

Bringing together a Community of Practice for Responsible Investing
www.heartlandnetwork.org

2017

HCS ANNUAL REPORT

Managing Director Thomas Croft

Consultant Annie Malhotra

Chief of Staff Carrie Mihalko

Staff Accountant Nancy Sweeney

HEADQUARTERS

1112 S. Braddock Avenue, Suite 300

Swissvale PA 15218

412.342.0534

www.heartlandnetwork.org





TOM CROFT MANAGING DIRECTOR

Founded in 1985 by the City of Pittsburgh and 11 Mon Valley communities after industries left town, the Steel Valley Authority (SVA) is the only special purpose regional jobs authority chartered in the US. We never forgot our original charter to revitalize the region and put blue-collar workers back to work.

Nearly four decades after our hometowns in the Steel City region were crippled by factory closings and the loss of good jobs, Pittsburgh has emerged as a poster-child for economic recovery. Once a center of American steelmaking, which virtually collapsed in the 1980s, Pittsburgh now has a more vibrant, diversified economy spurred by new technology and so-called “eds and meds.” Some view the city’s rise from the ashes as a model for revitalizing the “Rust Belt” and other industrial regions.

However, Pittsburgh’s recovery, along with similar phoenix-like comebacks in the region, has left some neighborhoods behind and has not extended much beyond the city limits. Many hometowns in the Commonwealth and America’s Heartland continue to suffer from economic hardship, falling wages and high levels of poverty caused by long-term economic and employment declines. And, the Steel City and state has not kept up with other regions in terms of the manufacturing recovery. As Youngstown State University business professor John Russo concluded about the Pittsburgh recovery: “It’s simply incomplete.”

Since the 2016 Presidential election, there has been an extraordinary amount of attention paid to the plight of the residents and communities in the Heartland. This has opened the door to a conversation about a more durable, sustainable economic policy, including investment in advanced manufacturing and the productive economy: infrastructure, transportation, renewable energy and the clean economy.

Given the long-term impacts of the 2008 blue collar depression, there is also more attention being directed at concrete education and training opportunities for young people and displaced workers, especially inclusive apprenticeship and technical education platforms; and labor standards to lift the quality of jobs.

An economic policy more accountable to all Heartland communities would increase the quantity of middle-class, middle-skill jobs, and foster the growth of regional and national productivity.

*"OUR WORK CONTINUES
ACROSS PENNSYLVANIA
AND AMERICA'S
HEARTLAND"*

EXECUTIVE SUMMARY

Thus, the SVA and Heartland helped launch, in 2016-17, a national initiative to transform the regional economy, help rebuild industrial hometowns and create higher-paying productive economy jobs. Partnering with the Century Foundation, a progressive, nonpartisan think tank (www.tcf.org), we kicked off the initiative on Capitol Hill in June 2017, where I introduced Pennsylvania Senator Bob Casey, who spoke along with Ohio Congresswoman Marcie Kaptur.

In October 2017, our partnership hosted a Manufacturing Summit in Pittsburgh, featuring USW President Leo Gerard, which drew impact capital managers, political, labor and business leaders, progressive policy analysts, and others.

This is the first in a number of road shows across the Heartland.

Thankfully, our work has come full circle. We've always fought for a real economic recovery. Now, we're witnessing a transformation toward re-shoring jobs back to America. We're honored to have been a policy leader in responsible investments and democratic governance strategies. It's not enough. **It is time for a new jobs and investment coalition** that will mobilize capital and solutions in rust belt cities and states, and to fight for a broader, more inclusive economic recovery.



Financial and Organizational Highlights

Heartland Capital Strategies ("HCS"), raised \$106,000 for 2017, primarily from investment firms and unions. The increase in funding came about due to the establishment of a new Fellowship program at Georgetown University and the commissioning of a new paper as part of "The Futures of Work Conference." The project is in active funding discussions with new and renewing sponsors for 2018.

Program Highlights

In July 2016, Greenleaf Publishing released *The Responsible Investor Handbook: Mobilizing Workers' Capital for a Sustainable World* by Annie Malhotra and myself. The book highlights the growth of responsible investment and its impacts. Our global book market campaign, built by a new social media platform, sold over 2,000 book copies!

Heartland and Georgetown University also recently completed the first year of a remarkable new fellowship program, which engaged seven bright, energetic undergrad fellows. Beginning Fall 2017, we started a monthly Heartland Responsible Investment Webinar series, which will provide a free Mini-E-Book to participants, each drawing from a chapter of the Handbook.

I would like to thank the staff, boards, sponsors and "Friends of the Heartland" who supported us and made our work possible. Our small staff could not have come close to setting these national benchmarks without community support.

INVESTING RESPONSIBLY



Heartland

CAPITAL STRATEGIES

Mobilizing Workers' Capital for a Sustainable World

Heartland Capital Strategies (HCS) fosters a Community of Practice for responsible investments. We are growing a national and international labor/capital network to rebuild our cities, renew our industrial commons, grow the clean economy and make the “boss” more accountable. Heartland’s members are pioneers in capital stewardship and corporate governance, and they have been on a long-term quest to mainstream and strengthen responsible investments in the real economy.

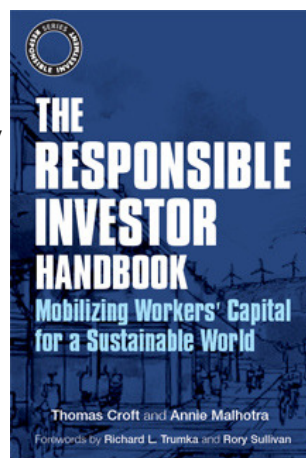
Heartland’s Mission: To mobilize responsible investments by capital stewards in the real economy, achieving competitive financial returns and positive ESG impact. Heartland’s achievements fall into four main categories: thought leadership, education, field work, and communications.

THOUGHT LEADERSHIP

In July 2016, Greenleaf/Routledge Publishing released *The Responsible Investor Handbook: Mobilizing Workers' Capital for a Sustainable World* by Tom Croft and Annie Malhotra.

Commissioned by the AFL-CIO, this book is an essential read for capital stewards and any professional seeking a better understanding of the importance of responsible investment and its impact on capital markets. This is the 3rd Heartland volume, along with book chapters and think pieces, since 2001, each growing Labor’s financial institutions. Tom and Annie also recently wrote: *Suggestions Toward Commonwealth*

Companies, commissioned for the “Many Futures of Work Conference,” possibly a chapter in a new compendium on that topic.



EDUCATIONAL PLATFORM

Deploying the Handbook, we’re delivering presentations and multi-media curricula to educate capital stewards and investment professionals.

Capital Stewards: As part of Heartland’s agenda to convert good research into action, we launched a global book campaign over the last two years, presenting at prestigious events to train capital stewards, including the International Foundation (IF), Council of Institutional Investors (CII), National CSR Summit, Moving Impact (Canada). In 2017, presentations included:

- IBEW-NECA Benefits National Conference
- Massachusetts Building Trades
- US SIF
- Future of Work Conference

Business and Labor Students: HCS and Georgetown's Kalmanovitz Initiative for Labor and the Working Poor (KI) launched, the summer of 2017, the inaugural program for a remarkable new fellowship program.

INVESTING RESPONSIBLY



Heartland
CAPITAL STRATEGIES
Mobilizing Workers' Capital for a Sustainable World

HEARTLAND FIELDWORK

Since 2012, Heartland has hosted "RoadShows to Renew America" in nine hard-hit cities across the U.S. The partnership between SVA/Heartland and the Century Foundation will provide a series of new road shows and follow-up city capital roundtables for beleaguered Heartland communities. Century is a progressive, nonpartisan think tank that seeks to foster opportunity, reduce inequality, and promote security at home and abroad (www.tcf.org).

After the successful Capitol Hill event in June 2017 and the Pittsburgh Summit in October 2017, this partnership aims to plan multi-stakeholder summits in the Heartland, starting in Cleveland in Winter 2018 and Chicago Spring 2018.

Heartland's work was included in the release of Century-sponsored policy reports focused on a new national economic strategy: marshaling pension and impact capital to rebuild Heartland communities, improve infrastructure and fashion a more diverse pipeline of union trades apprenticeship and job opportunities. We will work with Heartland partners like the AFL-CIO HIT, which ramped up its Midwest@Work program, aiming to spur economic development in nine Midwest cities, and committing over \$2 billion of workers' capital.

BROADCASTING

Our global book market campaign, which has already sold over 2,000 book copies, deploys viral and public relations marketing efforts to market the book to labor leaders and capital stewards, investment decision-makers, responsible finance advocates and sustainable business innovators and students. We've branded our progress through our new website at www.heartlandnetwork.org, which features our work across the country. A new Heartland social media platform has been constructed to promote the book and the workers' capital view. The book is being distributed worldwide to unions, capital stewards and thought leaders, through the publisher, our website and our new SM platform, including the Thursday Espresso. Beginning the Fall of 2017, we are starting a monthly Heartland Responsible Investment Webinar series, which will provide a free Mini-E-Book to participants, each drawing from a chapter of the Handbook.





THE HEARTLAND-GEORGETOWN SUMMER FELLOWSHIP

The millennial generation is starving for opportunities to change the world, build a more inclusive and sharing economy, and re-grow a sustainable planet. They are turned on by campaigns to pay a living wage, purchase equitably-traded products, and foster entrepreneurial solutions to today's problems. They want to do business with companies that are accountable to employees and communities, and that utilize sustainable business practices. And, they want to learn new investment, financial, legal and governance strategies to accomplish these aims.



Recognizing this opportunity, Heartland Capital Strategies (HCS) and Georgetown University's Kalmanovitz Initiative for Labor and the Working Poor met with a select group of important investment, labor, business and academic leaders for this extraordinary opportunity, with a presentation from long-time pension consultant Allan Emkin of Pension Consulting Alliance (PCA). The plan was met with enthusiastic support, and the group, by itself, committed to pilot a group of fellows for Summer 2017.

The main objective of the Heartland Labor Capital Summer Fellowship at Georgetown was to identify and educate a new generation of responsible investors. Our first seven Fellows were placed at the AFL-CIO Housing Investment Trust, KPS Capital Partners, Ullico, Inc., LIUNA, and Smart Growth America. Additionally, KPS, Ullico, Blue Wolf, and PCA provided sponsorship support. During the Fellowship, students had an intensive 3-day orientation session, brown bag lunches with influential speakers including DNC Chairman Tom Perez, and one-day trip to New York City with presentations from Heartland sponsors and visit to the Federal Reserve Bank.



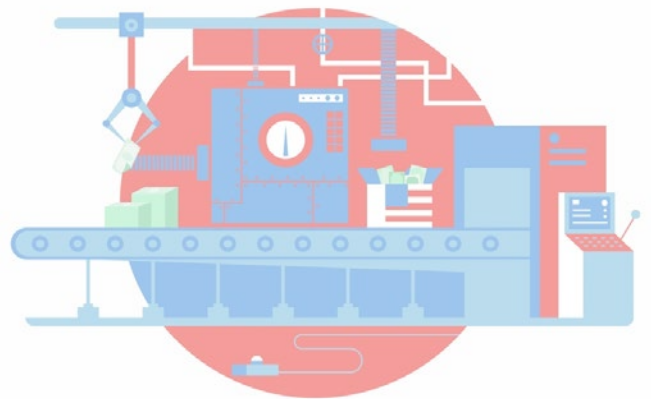
Heartland has already begun marketing and recruitment efforts for both Fellows and hosts to produce an even larger Summer 2018 program.

NATIONAL AND STATE POLICY

Partnering with the Century Foundation, the SVA and Heartland helped launch, in 2016-17, a national initiative to transform the regional economy, help rebuild industrial communities and create higher-paying productive economy jobs. The Executive Director Tom Croft spoke at a packed Capitol Hill kick-off event in June 2017, and introduced Pennsylvania Senator Bob Casey, who spoke along with Ohio Congresswoman Marcie Kaptur.

The SVA also co-sponsored the “Manufacturing a Better Paying Pennsylvania” Summit in Pittsburgh in October, 2017. The Pittsburgh event featured USW President Leo Gerard, State Senator Kim Ward and PA DCED Secretary Dennis Davin, and was attended by political, labor and business leaders, investment managers, progressive policy analysts, and others. This Summit is part of a unique “listening tour” through the Heartland to explore best practices to revitalize manufacturing cities.

As part of this initiative, led by Century’s Rediscovering Government Initiative, Tom co-authored a new policy paper on manufacturing city strategies, part of a larger set of papers released by Century.



Panelists included AFL-CIO HIT's Ted Chandler (second from left) who is overseeing the \$2.1B Midwest@Work Project

HEARTLAND GOVERNING BOARD

The staff wishes to thank our Heartland Governing Board for your generous support to our common cause; we express our deepest gratitude to you and the institutions that have sponsored our earnest endeavors. You have all made a difference in this great fight...we are forever indebted!

Heartland Governing Board Members

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